

December 3, 2024

Board of Education
Point Arena Schools
Point Arena, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Point Arena Schools for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 2, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Point Arena Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Point Arena Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of depreciation of capital assets is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred outflows of resources and deferred inflows of resources are based on actuarial valuations and pension contributions made during the year. We evaluated the key factors, assumptions, and proportionate share calculations used to develop the net pension liability and related deferred outflows of resources and deferred inflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of total other postemployment benefits (OPEB) obligation is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the total OPEB obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of capital assets in Note 4 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Significant Audit Matters (continued)*Qualitative Aspects of Accounting Practices (continued)*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of the pension plans, net pension liability and related deferred outflows of resources and deferred inflows of resources in Note 11 to the financial statements represents management's estimates based on actuarial valuations and pension contributions made during the year. Actual results could differ depending on the key factors, and assumptions and proportionate share calculations used to develop the net pension liability and related deferred outflows of resources and deferred inflows of resources.

The disclosure of other postemployment benefits and the total OPEB obligation in Note 10 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on the key factors and assumptions used for the actuarial valuation.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Point Arena Schools's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Point Arena Schools's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the required supplementary information section, which are (is) required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Local Education Agency Organization Structure, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of Point Arena Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

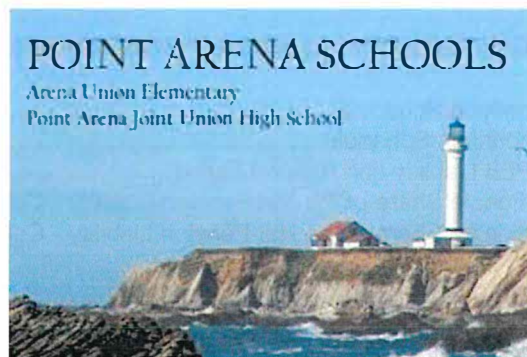
Very truly yours,

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

Christy White, Inc.
San Diego, California

POINT ARENA SCHOOLS

AUDIT REPORT
JUNE 30, 2024



**POINT ARENA SCHOOLS
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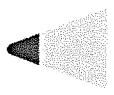
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FINANCIAL SECTION



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Point Arena Schools
Point Arena, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Point Arena Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Point Arena Schools's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Point Arena Schools, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Point Arena Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 of the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Point Arena Schools's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Point Arena Schools'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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Point Arena Schools's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024 on our consideration of the Point Arena Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Point Arena Schools'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 Point Arena Schools's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 3, 2024

POINT ARENA SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

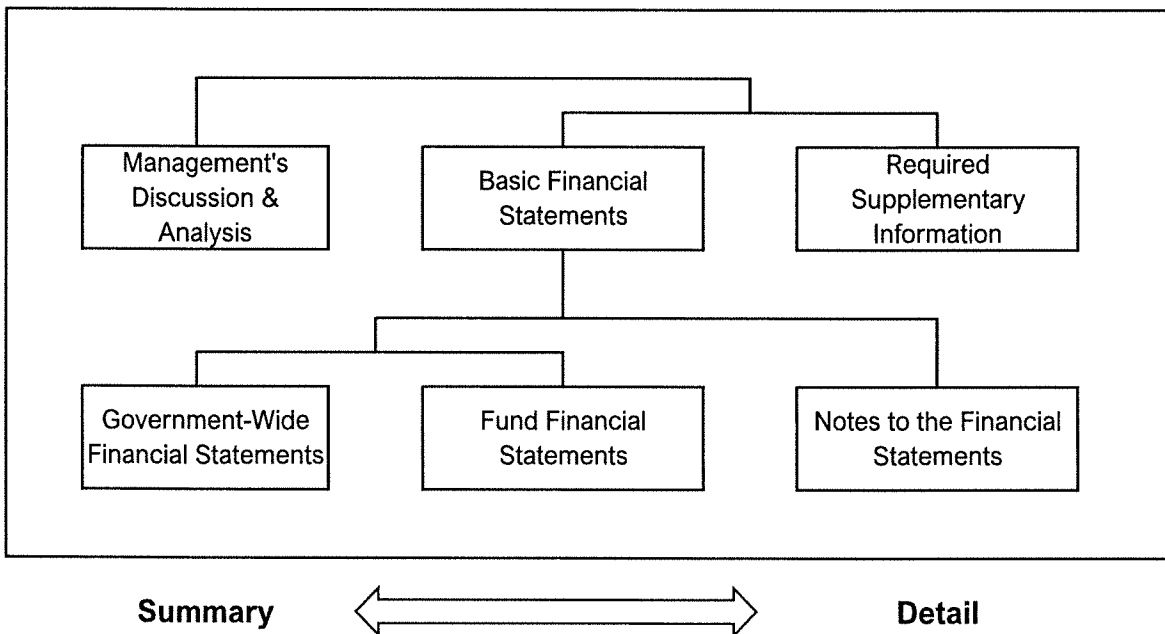
Our discussion and analysis of Point Arena Schools (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net position was \$5,358,525 at June 30, 2024. This was a decrease of \$138,866 from the prior year.
- ▶ Overall revenues were \$11,880,953 which were exceeded by expenses of \$12,019,819.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**POINT ARENA SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**POINT ARENA SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$5,358,525 at June 30, 2024, as reflected in the table below. Of this amount, \$(4,756,324) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2024	2023	Net Change
ASSETS			
Current and other assets	\$ 7,042,705	\$ 6,496,676	\$ 546,029
Capital assets	8,506,802	8,818,894	(312,092)
Total Assets	15,549,507	15,315,570	233,937
DEFERRED OUTFLOWS OF RESOURCES	2,836,093	2,825,114	10,979
LIABILITIES			
Current liabilities	1,226,642	1,141,964	84,678
Long-term liabilities	11,186,406	10,771,316	415,090
Total Liabilities	12,413,048	11,913,280	499,768
DEFERRED INFLOWS OF RESOURCES	614,027	730,103	(116,076)
NET POSITION			
Net investment in capital assets	7,497,868	7,745,609	(247,741)
Restricted	2,616,981	2,720,208	(103,227)
Unrestricted	(4,756,324)	(4,968,426)	212,102
Total Net Position	\$ 5,358,525	\$ 5,497,391	\$ (138,866)

**POINT ARENA SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2024	2023	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 435,573	\$ 439,297	\$ (3,724)
Operating grants and contributions	2,680,725	3,102,655	(421,930)
General revenues			
Property taxes	8,097,287	7,561,998	535,289
Unrestricted federal and state aid	471,147	447,411	23,736
Other	196,221	212,140	(15,919)
Total Revenues	11,880,953	11,763,501	117,452
EXPENSES			
Instruction	5,483,454	4,817,764	665,690
Instruction-related services	1,372,887	1,202,715	170,172
Pupil services	1,972,726	1,646,805	325,921
General administration	904,888	753,190	151,698
Plant services	1,532,829	1,701,865	(169,036)
Ancillary and community services	618,089	464,159	153,930
Debt service	134,946	130,846	4,100
Total Expenses	12,019,819	10,717,344	1,302,475
Change in net position	(138,866)	1,046,157	(1,185,023)
Net Position - Beginning	5,497,391	4,451,234	1,046,157
Net Position - Ending	\$ 5,358,525	\$ 5,497,391	\$ (138,866)

The cost of all our governmental activities this year was \$12,019,819 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$8,097,287 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**POINT ARENA SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2024	2023
Instruction	\$ 3,978,234	\$ 2,913,503
Instruction-related services	1,323,839	1,145,745
Pupil services	1,002,197	508,781
General administration	874,167	712,195
Plant services	1,348,833	1,621,869
Ancillary and community services	241,305	155,047
Debt service	134,946	130,846
Transfers to other agencies	-	(12,594)
Total	\$ 8,903,521	\$ 7,175,392

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$5,742,979 which is greater than last year's ending fund balance of \$5,346,157. The District's General Fund had \$610,826 more in operating revenues than expenditures for the year ended June 30, 2024. The District's Cafeteria Fund had \$212,146 less in operating revenues than expenditures for the year ended June 30, 2024. The District's Special Reserve Fund for Capital Outlay Projects had \$13,565 more in operating revenues than expenditures for the year ended June 30, 2024.

CURRENT YEAR BUDGET 2023-2024

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**POINT ARENA SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2023-2024 the District had invested \$8,506,802 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2024	2023	Net Change
CAPITAL ASSETS			
Land	\$ 55,000	\$ 55,000	\$ -
Land improvements	986,527	888,476	98,051
Buildings & improvements	13,142,897	13,142,897	-
Furniture & equipment	1,202,425	1,142,980	59,445
Less: Accumulated depreciation	(6,880,047)	(6,410,459)	(469,588)
Total	\$ 8,506,802	\$ 8,818,894	\$ (312,092)

Long-Term Liabilities

At year-end, the District had \$11,186,406 in long-term liabilities, an increase of 3.85% from last year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2024	2023	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 3,214,639	\$ 3,139,933	\$ 74,706
Compensated absences	37,360	27,343	10,017
Total OPEB liability	152,706	280,620	(127,914)
Net pension liability	7,786,052	7,387,771	398,281
Less: current portion of long-term liabilities	(4,351)	(64,351)	60,000
Total	\$ 11,186,406	\$ 10,771,316	\$ 415,090

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic factors could impact California school district funding and the District's budget in the next fiscal year:

Long-term Declining Enrollment: Lower birth rates and increased migration out of state have resulted in long-term declining enrollment across California schools. Enrollment can fluctuate due to factors such as population growth, competition from private and parochial schools, inter-district transfers in or out, economic conditions, and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to adjust fixed operating costs.

Revenue Uncertainties: Proposition 98 guarantees have improved over the 2023-24 fiscal year, but the prior 2022-23 revenues fell short of estimates, reducing the guarantee and resulting in the use of Proposition 98 reserves. California faced a significant budget deficit due to a severe revenue decline in 2022-23, driven mainly by lower income tax collections and economic downturns. However, recent tax forecasts show that actual revenues surpass projections. Surpluses could help fund more Proposition 98 revenue for school districts.

**POINT ARENA SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Underfunded Pension Liabilities: The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2024. The amount of the liability is material to the District's financial position. The CalSTRS projected employer contribution rate for 2024-25 is 19.10 percent. The CalPERS projected employer contribution rate for 2024-25 is 27.05 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Economic Downturn: Higher borrowing costs and reduced investment have slowed economic activity, particularly affecting sectors like technology and startups, which are crucial to California's economy. The unemployment rate is up but might reverse with future jobs in the technology and aerospace industries.

Federal Reserve Actions: The Federal Reserve's interest rate hikes have increased borrowing costs, reducing investment and economic growth.

Stock Market Performance: The steep decline in the stock market in prior years has negatively impacted income tax collections from high-income Californians and corporations. Overall, market performance in 2024 is trending in a positive direction.

These factors contribute to a challenging fiscal environment, potentially affecting the state's ability to maintain or increase funding for school districts. All these factors were considered in preparing the District's 2024-25 fiscal year budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Manager, Catherine Chin, at P.O. Box 87; Point Arena, CA 95468, (707) 882-2803.

POINT ARENA SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 6,502,749
Accounts receivable	531,857
Inventory	8,099
Capital assets, not depreciated	55,000
Capital assets, net of accumulated depreciation	<u>8,451,802</u>
Total Assets	<u>15,549,507</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,834,972
Deferred outflows related to OPEB	<u>1,121</u>
Total Deferred Outflows of Resources	<u>2,836,093</u>
 LIABILITIES	
Deficit cash	352,970
Accrued liabilities	761,821
Unearned revenue	107,500
Long-term liabilities, current portion	4,351
Long-term liabilities, non-current portion	<u>11,186,406</u>
Total Liabilities	<u>12,413,048</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	460,007
Deferred inflows related to OPEB	<u>154,020</u>
Total Deferred Inflows of Resources	<u>614,027</u>
 NET POSITION	
Net investment in capital assets	7,497,868
Restricted:	
Capital projects	1,397,274
Debt service	64,768
Educational programs	1,011,648
Associated student body	143,291
Unrestricted	<u>(4,756,324)</u>
Total Net Position	<u>\$ 5,358,525</u>

The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 5,483,454	\$ 241,569	\$ 1,263,651	\$ -	\$ (3,978,234)
Instruction-related services					
Instructional supervision and administration	144,800	317	27,903	-	(116,580)
Instructional library, media, and technology	325,137	125	9,275	-	(315,737)
School site administration	902,950	537	10,891	-	(891,522)
Pupil services					
Home-to-school transportation	388,331	376	3,912	-	(384,043)
Food services	987,200	59,421	633,264	-	(294,515)
All other pupil services	597,195	69,107	204,449	-	(323,639)
General administration					
Centralized data processing	33,810	-	-	-	(33,810)
All other general administration	871,078	-	30,721	-	(840,357)
Plant services	1,532,829	64,121	119,875	-	(1,348,833)
Ancillary services	589,416	-	376,862	-	(212,554)
Community services	28,673	-	(78)	-	(28,751)
Interest on long-term debt	134,946	-	-	-	(134,946)
Total Governmental Activities	\$ 12,019,819	\$ 435,573	\$ 2,680,725	\$ -	(8,903,521)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					8,089,769
Property taxes, levied for debt service					6,745
Property taxes, levied for other specific purposes					773
Federal and state aid not restricted for specific purposes					471,147
Interest and investment earnings					122,067
Interagency revenues					10,674
Miscellaneous					63,480
Subtotal, General Revenue					8,764,655
CHANGE IN NET POSITION					(138,866)
Net Position - Beginning					5,497,391
Net Position - Ending					\$ 5,358,525

The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,731,661	\$ 12,075	\$ 1,005,392	\$ 686,236	\$ 6,435,364
Accounts receivable	376,837	148,587	-	6,433	531,857
Due from other funds	-	207,606	-	195,000	402,606
Stores inventory	-	8,099	-	-	8,099
Total Assets	\$ 5,108,498	\$ 376,367	\$ 1,005,392	\$ 887,669	\$ 7,377,926
LIABILITIES					
Deficit cash	\$ -	\$ 352,970	\$ -	\$ -	\$ 352,970
Accrued liabilities	745,062	15,298	-	671	761,031
Due to other funds	413,446	-	-	-	413,446
Unearned revenue	107,500	-	-	-	107,500
Total Liabilities	1,266,008	368,268	-	671	1,634,947
FUND BALANCES					
Nonspendable	3,150	8,099	-	-	11,249
Restricted	1,011,648	-	1,005,392	599,941	2,616,981
Assigned	1,544,679	-	-	287,057	1,831,736
Unassigned	1,283,013	-	-	-	1,283,013
Total Fund Balances	3,842,490	8,099	1,005,392	886,998	5,742,979
Total Liabilities and Fund Balances	\$ 5,108,498	\$ 376,367	\$ 1,005,392	\$ 887,669	\$ 7,377,926

The accompanying notes are an integral part of these financial statements.

POINT ARENA SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2024

Total Fund Balance - Governmental Funds \$ 5,742,979

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

Capital assets:

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

Capital assets	\$ 15,386,849	
Accumulated depreciation	(6,880,047)	8,506,802

Long-term liabilities:

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

Total general obligation bonds	\$ 3,214,639	
Compensated absences	37,360	
Total OPEB liability	152,706	
Net pension liability	7,786,052	(11,190,757)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 2,834,972	
Deferred inflows of resources related to pensions	(460,007)	2,374,965

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 1,121	
Deferred inflows of resources related to OPEB	(154,020)	(152,899)

Internal service funds:

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

77,435

Total Net Position - Governmental Activities	\$ 5,358,525
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The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 8,270,029	\$ -	\$ -	\$ -	\$ 8,270,029
Federal sources	1,076,727	268,867	-	-	1,345,594
Other state sources	1,042,673	163,543	-	-	1,206,216
Other local sources	664,451	191,846	40,995	457,189	1,354,481
Total Revenues	11,053,880	624,256	40,995	457,189	12,176,320
EXPENDITURES					
Current					
Instruction	5,020,438	-	-	209,165	5,229,603
Instruction-related services					
Instructional supervision and administration	144,387	-	-	-	144,387
Instructional library, media, and technology	327,444	-	-	-	327,444
School site administration	910,117	-	-	-	910,117
Pupil services					
Home-to-school transportation	346,324	-	-	-	346,324
Food services	156,289	835,923	-	21,980	1,014,192
All other pupil services	602,794	-	-	-	602,794
General administration					
Centralized data processing	33,810	-	-	-	33,810
All other general administration	867,816	-	-	-	867,816
Plant services					
Facilities acquisition and construction	1,478,595	479	26,430	329	1,505,833
Ancillary services	21,083	-	1,000	97,050	119,133
Community services	504,566	-	-	82,648	587,214
Debt service	29,391	-	-	-	29,391
Principal					
Interest and other	-	-	-	60,000	60,000
	-	-	-	1,440	1,440
Total Expenditures	10,443,054	836,402	27,430	472,612	11,779,498
Excess (Deficiency) of Revenues					
Over Expenditures	610,826	(212,146)	13,565	(15,423)	396,822
Other Financing Sources (Uses)					
Transfers in	-	207,606	10,000	200,000	417,606
Transfers out	(417,606)	-	-	-	(417,606)
Net Financing Sources (Uses)	(417,606)	207,606	10,000	200,000	-
NET CHANGE IN FUND BALANCE					
	193,220	(4,540)	23,565	184,577	396,822
Fund Balance - Beginning	3,649,270	12,639	981,827	702,421	5,346,157
Fund Balance - Ending	\$ 3,842,490	\$ 8,099	\$ 1,005,392	\$ 886,998	\$ 5,742,979

The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 396,822

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

Capital outlay:

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

Expenditures for capital outlay:	\$	157,496	
Depreciation expense:		<u>(469,588)</u>	(312,092)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 60,000

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 1,200

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (139,057)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (10,017)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 51,339

(Continued on following page)

**POINT ARENA SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2024**

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (194,741)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 4,351

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 3,329

Change in Net Position of Governmental Activities \$ (138,866)

POINT ARENA SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 67,385
Due from other funds	10,840
Total current assets	<u>78,225</u>
Total Assets	<u>78,225</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	790
Total current liabilities	<u>790</u>
Total Liabilities	<u>790</u>
NET POSITION	
Restricted	77,435
Total Net Position	<u>\$ 77,435</u>

The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2024**

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 10,912
Total operating revenues	<u>10,912</u>
OPERATING EXPENSES	
Professional services	<u>10,778</u>
Total operating expenses	<u>10,778</u>
Operating income/(loss)	<u>134</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	<u>3,195</u>
Total non-operating revenues/(expenses)	<u>3,195</u>
CHANGE IN NET POSITION	3,329
Net Position - Beginning	<u>74,106</u>
Net Position - Ending	<u>\$ 77,435</u>

The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2024**

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 10,912
Cash received (paid) from assessments made to (from) other funds	(10,840)
Cash payments for payroll, insurance, and operating costs	(10,576)
Net cash provided by (used for) operating activities	<u>(10,504)</u>
Cash flows from investing activities	
Interest received	3,195
Net cash provided by (used for) investing activities	<u>3,195</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(7,309)</u>
 CASH AND CASH EQUIVALENTS	
Beginning of year	74,694
End of year	<u>\$ 67,385</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 134
Changes in assets and liabilities:	
(Increase) decrease in due from other funds	(10,840)
Increase (decrease) in accrued liabilities	202
Net cash provided by (used for) operating activities	<u>\$ (10,504)</u>

The accompanying notes are an integral part of these financial statements.

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Point Arena Schools (the “District”) is one of ten common administration districts in the State of California. It is comprised of the Arena Union Elementary School District (the “Elementary District”) and the Point Arena Joint Union High School District (the “High School District”). The Districts are governed by a single board of elected officials.

The Elementary District was established on July 13, 1885 and is comprised of an area of approximately 250 square miles located on the Mendocino Coast and adjoins the Sonoma County line. There were no changes in the boundaries of the Elementary District during the current year. The Elementary District currently operates one elementary school and maintains an independent study program. The Elementary District is also the authorizing agency for an independent charter school.

The High School District was established in May 1904 and is comprised of an area of approximately 400 square miles located on the Mendocino Coast. It includes the southern part of Mendocino and the northern most part of Sonoma County. There were no changes in the boundaries of the High School during the current year. The High School District is currently operating two schools providing instruction in grades 9 through 12.

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

B. 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. The District has no such component units.

C. Other Related Entities

Joint Powers Authorities (JPA). The District is exposed to various risk of loss related to: torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District participates in JPAs to manage these risks. The relationship between the District and the JPAs in which it is associated with is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by the boards consisting of representatives from the member agencies. The boards control the operation of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board.

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation

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

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

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

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

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

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Non-Major Governmental Funds

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

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Pupil Transportation Equipment Fund: This fund is used to account separately for state and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code Section 41852[b]*).

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Proprietary Funds

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

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

E. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net 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. The net position should be reported as restricted when constraints placed on its 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. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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.

**POINT ARENA SCHOOLS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Interfund Balances

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

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$25,000 for equipment and \$50,000 for buildings. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	30 – 50 years
Furniture and Equipment	15 – 20 years
Vehicles	10 – 15 years

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations 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 obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Unassigned, continued - The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

H. Property Taxes

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

I. 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 columns of the statement of activities.

J. 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.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. New Accounting Pronouncements

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has not yet determined the impact on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury*	\$ 5,923,878	\$ 67,385	\$ 5,991,263
Cash on hand and in banks	155,366	-	155,366
Cash in revolving fund	3,150	-	3,150
Total	\$ 6,082,394	\$ 67,385	\$ 6,149,779

*net of deficit cash

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Mendocino County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$5,976,105 and an amortized book value of \$5,991,263. The average weighted maturity for this pool is 485 days.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

C. Interest Rate Risk (continued)

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table on the following page identifies the investment types permitted by California Government Code.

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

D. 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 investments in the County Treasury are not required to be rated.

E. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

Uncategorized - Investments in the Mendocino County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

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

	<u>Uncategorized</u>
Investment in county treasury	\$ 5,976,105
Total	<u>\$ 5,976,105</u>

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	\$ 51,076	\$ 148,587	\$ -	\$ 199,663
State Government				
Apportionment	172,991	-	-	172,991
Categorical aid	51,278	-	-	51,278
Lottery	51,493	-	-	51,493
Local Government				
Other local sources	49,999	-	6,433	56,432
Total	\$ 376,837	\$ 148,587	\$ 6,433	\$ 531,857

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
Total capital assets not being depreciated	55,000	-	-	55,000
Capital assets being depreciated				
Land improvements	888,476	98,051	-	986,527
Buildings & improvements	13,142,897	-	-	13,142,897
Furniture & equipment	1,142,980	59,445	-	1,202,425
Total capital assets being depreciated	15,174,353	157,496	-	15,331,849
Less: Accumulated depreciation				
Land improvements	685,382	49,326	-	734,708
Buildings & improvements	5,081,327	370,175	-	5,451,502
Furniture & equipment	643,750	50,087	-	693,837
Total accumulated depreciation	6,410,459	469,588	-	6,880,047
Total capital assets being depreciated, net	8,763,894	(312,092)	-	8,451,802
Governmental Activities				
Capital Assets, net	\$ 8,818,894	\$ (312,092)	\$ -	\$ 8,506,802

Total depreciation expense of \$469,588 is allocated by the functions for instruction \$434,029 and pupil services for home-to-school transportation \$35,559 in the Statement of Activities.

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2024 were as follows:

	Due From Other Funds				
	Due To Other Funds	Non-Major Governmental Funds		Internal Service Fund	Total
		Cafeteria Fund	Funds	Fund	
General Fund		\$ 207,606	\$ 195,000	\$ 10,840	\$ 413,446
Total		\$ 207,606	\$ 195,000	\$ 10,840	\$ 413,446

Due from the General Fund to the Cafeteria Fund to cover encroachment.	\$ 207,606
Due from the General Fund to the Pupil Transportation Equipment Fund for expenses.	195,000
Due from the General Fund to the Internal Service Fund for expenses.	10,840
Total	\$ 413,446

B. Operating Transfers

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

	Interfund Transfers In				
	Interfund Transfers Out	Special Reserve Fund for Capital Outlay Projects		Non-Major Governmental Funds	Total
		Cafeteria Fund	Funds	Fund	
General Fund		\$ 207,606	\$ 10,000	\$ 200,000	\$ 417,606
Total		\$ 207,606	\$ 10,000	\$ 200,000	\$ 417,606

Transfer from the General Fund to the Cafeteria Fund to cover encroachment.	\$ 207,606
Transfer from the General Fund to the Pupil Transportation Equipment Fund for expenses.	200,000
Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects.	10,000
Total	\$ 417,606

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2024 consisted of the following:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds		Internal Service Fund	Governmental Activities
Payroll	\$ 337,379	\$ 4,535	\$ 671	\$ -	\$ -	\$ 342,585
Vendors payable	407,683	10,763	-	790	-	419,236
Total	\$ 745,062	\$ 15,298	\$ 671	\$ 790	\$ -	\$ 761,821

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 7 – UNEARNED REVENUE

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

	General Fund
State categorical sources	\$ 95,000
Local sources	12,500
Total	\$ 107,500

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2024 consisted of the following:

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 949,062	\$ -	\$ 60,000	\$ 889,062	\$ -
Unamortized premium	124,223	-	4,351	119,872	4,351
Accreted interest	2,066,648	139,057	-	2,205,705	-
Total general obligation bonds	3,139,933	139,057	64,351	3,214,639	4,351
Compensated absences	27,343	10,017	-	37,360	-
Total OPEB liability	280,620	-	127,914	152,706	-
Net pension liability	7,387,771	398,281	-	7,786,052	-
Total	\$ 10,835,667	\$ 547,355	\$ 192,265	\$ 11,190,757	\$ 4,351

A. General Obligation Bonds

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding			Bonds Outstanding June 30, 2024
					July 01, 2023	Additions	Deductions	
2004	7/4/2004	8/1/2023	2.0%-5.5%	\$ 2,810,000	\$ 60,000	\$ -	\$ 60,000	\$ -
2005	6/22/2005	8/1/2043	5.0%-5.29%	889,062	889,062	-	-	889,062
					\$ 949,062	\$ -	\$ 60,000	\$ 889,062

2003 Election

The Arena Union Elementary School District received authorization at an election held on November 4, 2003, by more than 55% of the votes cast by eligible voters within the District, to issue bonds of the District in an aggregate principal amount not to exceed \$3,700,000 for the purpose of funding the specific construction and modernization projects approved by the voters, including a District-wide elementary school facility in Gualala, and conversion of the existing Arena Elementary School into a middle school. Included within the 2003 election are Series 2004 and 2005. There was a partial in-substance defeasance of the bonds in fiscal year 2011 of \$1,615,000, and the amount of bonds outstanding has been reduced accordingly.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize general obligation bonds outstanding at June 30, 2024 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	86,342	233,658	320,000
2030 - 2034	249,773	880,227	1,130,000
2035 - 2039	288,490	1,396,510	1,685,000
2040 - 2044	264,457	1,785,543	2,050,000
Accretion	2,205,705	(2,205,705)	-
Total	\$ 3,094,767	\$ 2,090,233	\$ 5,185,000

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to \$37,360. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits

The District's beginning total OPEB liability was \$280,620 and decreased by \$127,914 during the year ended June 30, 2024. The ending total OPEB liability at June 30, 2024 was \$152,706. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$7,387,771 and increased by \$398,281 during the year ended June 30, 2024. The ending net pension liability at June 30, 2024 was \$7,786,052. See Note 11 for additional information regarding the net pension liability.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2024:

	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 3,150	\$ -	\$ -	\$ -	\$ 3,150
Stores inventory	-	8,099	-	-	8,099
Total non-spendable	3,150	8,099	-	-	11,249
Restricted					
Educational programs	1,011,648	-	-	-	1,011,648
Associated student body	-	-	-	143,291	143,291
Capital projects	-	-	1,005,392	391,882	1,397,274
Debt service	-	-	-	64,768	64,768
Total restricted	1,011,648	-	1,005,392	599,941	2,616,981
Assigned					
MAA related general fund reserve	76,765	-	-	-	76,765
Legal reserve	144,497	-	-	-	144,497
Maintenance/transportation general fund reserve	144,497	-	-	-	144,497
Other assignments	1,178,920	-	-	287,057	1,465,977
Total assigned	1,544,679	-	-	287,057	1,831,736
Unassigned	1,283,013	-	-	-	1,283,013
Total	\$ 3,842,490	\$ 8,099	\$ 1,005,392	\$ 886,998	\$ 5,742,979

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than four percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Point Arena Schools' defined benefit OPEB plan, Point Arena Schools Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the district. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

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

Classified employees hired before September 1, 2004 may retire and receive District-paid contributions towards healthcare upon attainment of age 60 and completion of 20 years of District service. The District pays up to the capped amount during the last year of the retiree's employment (\$16,710 annually for 2023-24), until the retiree reaches age 65, at which time benefits cease. The District does not offer benefits for the surviving spouse.

**POINT ARENA SCHOOLS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

For the measurement period, the District did not contribute to the Plan.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	-
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>4</u>
Total number of participants**	<u>4</u>

*Information not provided

**As of the June 30, 2023 valuation date

E. Total OPEB Liability

The Point Arena Schools' total OPEB liability of \$152,706 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs:

Economic assumptions:

Inflation	2.50%
Health cost trend rate	5.50%
Discount rate	3.86%

Non-economic assumptions:

Preretirement mortality, were based on mortality rates for active employees from CALSTRS Experience Analysis (2015-2018) for Certificated, and preretirement mortality rates from CALPERS Experience Study (2000-2019) for Classified. Post-retirement mortality, were based on mortality rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018) for Certificated, and post-retirement mortality rates for healthy recipients from CalPERS Experience Study (2000-2019) for Classified. The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

The discount rate was based on the Bond Buyer 20 Bond Index.

**POINT ARENA SCHOOLS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2024</u>
Total OPEB Liability	
Service cost	\$ 2,328
Interest on total OPEB liability	10,441
Difference between expected and actual experience	(142,292)
Changes of assumptions	1,609
Net change in total OPEB liability	<u>(127,914)</u>
Total OPEB liability - beginning	280,620
Total OPEB liability - ending	<u>\$ 152,706</u>
Covered-employee payroll	\$ 281,943
District's total OPEB liability as a percentage of covered-employee payroll	54.16%

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

The following presents the total OPEB liability of the Point Arena Schools, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86 percent) or one percentage point higher (4.86 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Valuation</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.86%)</u>	<u>(3.86%)</u>	<u>(4.86%)</u>
Total OPEB liability	\$ 159,642	\$ 152,706	\$ 145,995

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

The following presents the total OPEB liability of the Point Arena Schools, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.50 percent) or one percentage point higher (6.50 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
	<u>(4.50%)</u>	<u>(5.50%)</u>	<u>(6.50%)</u>
Total OPEB liability	\$ 145,599	\$ 152,706	\$ 160,445

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Point Arena Schools recognized OPEB expense of \$(51,339). At June 30, 2024, the Point Arena Schools reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 116,767
Changes in assumptions	1,121	37,253
Total	<u>\$ 1,121</u>	<u>\$ 154,020</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 488	\$ 67,838
2026	488	67,839
2027	145	18,343
Total	<u>\$ 1,121</u>	<u>\$ 154,020</u>

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 3,533,503	\$ 1,437,706	\$ 324,389	\$ 600,725
PERS Pension	4,252,549	1,397,266	135,618	715,862
Total	<u>\$ 7,786,052</u>	<u>\$ 2,834,972</u>	<u>\$ 460,007</u>	<u>\$ 1,316,587</u>

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2024, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2024 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$529,914 for the year ended June 30, 2024.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$270,781 to CalSTRS.

**POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and 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:

District's proportionate share of the net pension liability	\$ 3,533,503
State's proportionate share of the net pension liability associated with the District	1,693,032
Total	\$ 5,226,535

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to 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. At June 30, 2023, the District's proportion was 0.005 percent, which did not change from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$600,725. In addition, the District recognized pension expense and revenue of \$(24,586) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 15,125
Differences between expected and actual experience	277,675	189,060
Changes in assumptions	20,460	-
Changes in proportion and differences between District contributions and proportionate share of contributions	609,657	120,204
District contributions subsequent to the measurement date	529,914	-
Total	\$ 1,437,706	\$ 324,389

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The \$529,914 reported as 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>of Resources</u>	<u>of Resources</u>
2025	\$ 209,495	\$ 219,081
2026	209,493	233,777
2027	189,781	(239,131)
2028	126,430	62,482
2029	126,428	21,501
2030	46,165	26,679
Total	<u>\$ 907,792</u>	<u>\$ 324,389</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2023 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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the table on the following page.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Assumptions (continued)

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*Real return is net of assumed 2.75% inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’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 the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 5,927,170	\$ 3,533,503	\$ 1,545,284

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2024 26.68% of annual payroll. Contributions to the plan from the District were \$591,932 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$4,252,549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to 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. At June 30, 2023, the District's proportion was 0.012 percent, which did not change from its proportion measured as of June 30, 2022.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2024, the District recognized pension expense of \$715,862. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 454,233	\$ -
Differences between expected and actual experience	155,188	65,313
Changes in assumptions	195,913	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	70,305
District contributions subsequent to the measurement date	591,932	-
Total	<u>\$ 1,397,266</u>	<u>\$ 135,618</u>

The \$591,932 reported as 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 244,102	\$ 65,458
2026	197,959	56,245
2027	349,136	13,915
2028	14,137	-
Total	<u>\$ 805,334</u>	<u>\$ 135,618</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from 2000 to 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**POINT ARENA SCHOOLS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
District’s proportionate share of the net pension liability	\$ 6,148,086	\$ 4,252,549	\$ 2,685,930

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Grants

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

B. Construction Commitments

As of June 30, 2024, the District did not have any commitments with respect to unfinished capital projects.

C. 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.

POINT ARENA SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

During the fiscal year ending June 30, 2024, the District participated in two joint powers agreements (JPAs). There were no significant reductions in coverage during the year. The JPAs and the services they provide to the District are as follows:

Schools Insurance Group Northern Alliance (SIGNA). The purpose of the organization is to jointly provide a system for workers' compensation insurance. Member contributions are based on rates which are based on actual historical loss experience statistics. Experience modification factors are computed for each member based on the Workers' Compensation Insurance Rating Bureau of California guidelines. The financial statements are available directly from the JPA.

Northern California School Insurance Group (NCSIG). NCSIG arranges for and provides property and liability insurance for its member districts. The District pays a premium commensurate with the level of coverage requested. This is a partial self-insurance program. The financial statements are available directly from the JPA.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2024, total deferred outflows related to pensions was \$2,834,972 and total deferred inflows related to pensions was \$460,007.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2024, total deferred outflows related to other postemployment benefits was \$1,121 and total deferred inflows related to other postemployment benefits was \$154,020.

REQUIRED SUPPLEMENTARY INFORMATION

**POINT ARENA SCHOOLS
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 7,718,852	\$ 7,936,499	\$ 8,228,792	\$ 292,293
Federal sources	783,652	954,809	1,076,727	121,918
Other state sources	671,130	922,877	1,042,673	119,796
Other local sources	424,363	425,613	622,576	196,963
Total Revenues	9,597,997	10,239,798	10,970,768	730,970
EXPENDITURES				
Certificated salaries	2,993,105	3,005,559	2,978,472	27,087
Classified salaries	1,983,538	2,067,410	2,093,254	(25,844)
Employee benefits	2,919,504	2,928,593	2,851,520	77,073
Books and supplies	621,648	761,248	762,568	(1,320)
Services and other operating expenditures	1,060,431	1,333,927	1,649,656	(315,729)
Capital outlay	-	-	38,362	(38,362)
Total Expenditures	9,578,226	10,096,737	10,373,832	(277,095)
Excess (Deficiency) of Revenues Over Expenditures	19,771	143,061	596,936	453,875
Other Financing Sources (Uses)				
Transfers in	-	-	77,626	77,626
Transfers out	(417,365)	(479,487)	(715,161)	(235,674)
Net Financing Sources (Uses)	(417,365)	(479,487)	(637,535)	(158,048)
NET CHANGE IN FUND BALANCE	(397,594)	(336,426)	(40,599)	295,827
Fund Balance - Beginning	2,722,022	2,722,022	2,722,022	-
Fund Balance - Ending	\$ 2,324,428	\$ 2,385,596	\$ 2,681,423	\$ 295,827

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects, and Special Reserve for Post-Employment Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Private-Purpose Trust Fund, as they do not meet the criteria established by GASB Statement No. 84.

**POINT ARENA SCHOOLS
CAFETERIA FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 205,000	\$ 205,000	\$ 268,867	\$ 63,867
Other state sources	90,000	90,000	163,543	73,543
Other local sources	178,500	178,500	191,846	13,346
Total Revenues	473,500	473,500	624,256	150,756
EXPENDITURES				
Classified salaries	222,326	219,781	231,094	(11,313)
Employee benefits	148,576	147,324	141,217	6,107
Books and supplies	182,000	182,000	297,059	(115,059)
Services and other operating expenditures	156,000	156,000	167,032	(11,032)
Total Expenditures	708,902	705,105	836,402	(131,297)
Excess (Deficiency) of Revenues Over Expenditures	(235,402)	(231,605)	(212,146)	19,459
Other Financing Sources (Uses):				
Transfers in	235,402	231,605	207,606	(23,999)
Net Financing Sources (Uses)	235,402	231,605	207,606	(23,999)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	12,639	12,639	12,639	-
Fund Balance - Ending	\$ 12,639	\$ 12,639	\$ 8,099	\$ (4,540)

See accompanying notes to required supplementary information.

**POINT ARENA SCHOOLS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability							
Service cost	\$ 2,328	\$ 10,541	\$ 4,830	\$ 7,160	\$ 6,537	\$ 13,535	\$ 13,141
Interest on total OPEB liability	10,441	5,796	9,611	12,593	20,458	18,143	18,931
Difference between expected and actual experience	(142,292)	-	(43,985)	-	(165,876)	-	-
Changes of assumptions	1,609	(27,048)	(52,561)	12,974	13,855	(13,213)	-
Benefits payments	-	-	(27,842)	(52,808)	(37,196)	(28,858)	(85,175)
Net change in total OPEB liability	(127,914)	(10,711)	(109,947)	(20,081)	(162,222)	(10,393)	(53,103)
Total OPEB liability - beginning	280,620	291,331	401,278	421,359	583,581	593,974	647,077
Total OPEB liability - ending	\$ 152,706	\$ 280,620	\$ 291,331	\$ 401,278	\$ 421,359	\$ 583,581	\$ 593,974
Covered-employee payroll	\$ 281,943	\$ 264,115	\$ 326,492	\$ 364,605	\$ 450,922	\$ 376,956	\$ 430,925
District's total OPEB liability as a percentage of covered-employee payroll	54.16%	106.25%	89.23%	110.06%	93.44%	154.81%	137.84%

See accompanying notes to required supplementary information.

**POINT ARENA SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	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
District's proportion of the net pension liability	0.005%	0.005%	0.005%	0.005%	0.004%	0.004%	0.004%	0.004%	0.005%	0.005%
District's proportionate share of the net pension liability	\$ 3,533,503	\$ 3,318,737	\$ 2,087,594	\$ 4,428,916	\$ 3,697,291	\$ 3,605,020	\$ 4,020,309	\$ 3,601,911	\$ 3,100,780	\$ 2,869,328
State's proportionate share of the net pension liability associated with the District	1,693,032	1,662,034	1,050,418	2,283,089	2,017,136	2,064,052	2,378,400	2,050,806	1,639,967	1,447,362
Total	\$ 5,226,535	\$ 4,980,771	\$ 3,138,012	\$ 6,712,005	\$ 5,714,427	\$ 5,669,072	\$ 6,398,709	\$ 5,652,717	\$ 4,740,747	\$ 4,316,690
District's covered payroll	\$ 2,895,138	\$ 2,777,560	\$ 2,531,728	\$ 2,511,090	\$ 2,207,703	\$ 2,131,738	\$ 2,322,747	\$ 1,881,246	\$ 2,082,733	\$ 2,186,982
District's proportionate share of the net pension liability as a percentage of its covered payroll	122.0%	119.5%	82.5%	176.4%	167.5%	169.1%	173.1%	214.2%	148.9%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	80.6%	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**POINT ARENA SCHOOLS
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	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
District's proportion of the net pension liability	0.012%	0.012%	0.012%	0.012%	0.012%	0.012%	0.013%	0.013%	0.015%	0.014%
District's proportionate share of the net pension liability	\$ 4,252,549	\$ 4,069,034	\$ 2,439,906	\$ 3,694,042	\$ 3,376,349	\$ 3,162,070	\$ 3,044,911	\$ 2,637,481	\$ 2,209,711	\$ 1,607,947
District's covered payroll	\$ 2,037,578	\$ 1,813,717	\$ 1,721,504	\$ 1,737,809	\$ 1,605,771	\$ 1,561,824	\$ 1,628,342	\$ 1,681,246	\$ 1,660,737	\$ 1,486,855
District's proportionate share of the net pension liability as a percentage of its covered payroll	208.7%	224.3%	141.7%	212.6%	210.3%	202.5%	187.0%	156.9%	133.1%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	69.6%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

**POINT ARENA SCHOOLS
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	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
Contractually required contribution	\$ 529,914	\$ 544,718	\$ 470,824	\$ 402,298	\$ 422,876	\$ 355,413	\$ 304,171	\$ 289,578	\$ 244,564	\$ 182,845
Contributions in relation to the contractually required contribution*	(529,914)	(544,718)	(470,824)	(402,298)	(422,876)	(355,413)	(304,171)	(289,578)	(244,564)	(182,845)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,854,399	\$ 2,895,138	\$ 2,777,560	\$ 2,531,728	\$ 2,511,090	\$ 2,207,703	\$ 2,131,738	\$ 2,322,747	\$ 1,681,246	\$ 2,082,733
Contributions as a percentage of covered payroll	18.56%	18.81%	16.95%	15.89%	16.84%	16.10%	14.27%	12.47%	14.55%	8.78%

*Amounts do not include on-behalf contributions

**POINT ARENA SCHOOLS
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	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
Contractually required contribution	\$ 591,932	\$ 516,669	\$ 416,543	\$ 355,683	\$ 342,627	\$ 290,023	\$ 243,071	\$ 226,518	\$ 192,839	\$ 195,561
Contributions in relation to the contractually required contribution*	(591,932)	(516,669)	(416,543)	(355,683)	(342,627)	(290,023)	(243,071)	(226,518)	(192,839)	(195,561)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,219,378	\$ 2,037,578	\$ 1,813,717	\$ 1,721,504	\$ 1,737,809	\$ 1,605,771	\$ 1,561,824	\$ 1,628,342	\$ 1,681,246	\$ 1,660,737
Contributions as a percentage of covered payroll	26.67%	25.36%	22.97%	20.66%	19.72%	18.06%	15.56%	13.91%	11.47%	11.78%

*Amounts do not include on-behalf contributions

**POINT ARENA SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for OPEB.

Changes in Assumptions

There was a change in the discount rate from 3.69% to 3.86% since the previous measurements for OPEB.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS or CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS or CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

POINT ARENA SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 2,067,410	\$ 2,093,254	\$ 25,844
Books and supplies	\$ 761,248	\$ 762,568	\$ 1,320
Services and other operating expenditures	\$ 1,333,927	\$ 1,649,656	\$ 315,729
Capital outlay	\$ -	\$ 38,362	\$ 38,362
Cafeteria Fund			
Classified salaries	\$ 219,781	\$ 231,094	\$ 11,313
Books and supplies	\$ 182,000	\$ 297,059	\$ 115,059
Services and other operating expenditures	\$ 156,000	\$ 167,032	\$ 11,032

SUPPLEMENTARY INFORMATION

**POINT ARENA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 172,560
Comprehensive Support and Improvement for LEAs	84.010	15438	150,425
Subtotal Title I, Part A			<u>322,985</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	19,668
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	20,000
Title VI, Part B, Rural & Low Income School Program	84.358	14356	26,043
Title VIII, Impact Aid	84.041	10015	199,144
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	93,300
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	2,730
Subtotal Special Education Cluster			<u>96,030</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	341,052
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	11,214
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	288
Subtotal Education Stabilization Fund Discretionary Grants			<u>352,554</u>
Total U. S. Department of Education			<u>1,036,424</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	70,086
National School Lunch Program	10.555	13391	184,066
USDA Commodities	10.555	*	14,716
Supply Chain Assistance (SCA) Funds	10.555	15655	20,732
Subtotal Child Nutrition Cluster			<u>289,600</u>
Total U. S. Department of Agriculture			<u>289,600</u>
Total Federal Expenditures			<u>\$ 1,326,024</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**POINT ARENA SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2024**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	98.33	98.64
Extended Year Special Education	0.54	0.54
Total TK/K through Third	98.87	99.18
Fourth through Sixth		
Regular ADA	59.93	60.18
Extended Year Special Education	0.34	0.34
Total Fourth through Sixth	60.27	60.52
Seventh through Eighth		
Regular ADA	40.89	40.85
Extended Year Special Education	0.15	0.15
Total Seventh through Eighth	41.04	41.00
Ninth through Twelfth		
Regular ADA	125.14	124.83
Total Ninth through Twelfth	125.14	124.83
TOTAL SCHOOL DISTRICT	325.32	325.53

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024**

Grade Level	Minutes Requirement	Actual Instructional Minutes	Credited Minutes Per the Approved Form J-13A*	Total Minutes Offered	Required Number of Days	Actual Number of Days	Credited Days Per the Approved Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	51,115	295	51,410	180	179	1	180	Complied
Grade 1	50,400	51,125	295	51,420	180	179	1	180	Complied
Grade 2	50,400	51,095	295	51,390	180	179	1	180	Complied
Grade 3	50,400	51,125	295	51,420	180	179	1	180	Complied
Grade 4	54,000	59,535	355	59,890	180	179	1	180	Complied
Grade 5	54,000	59,535	355	59,890	180	179	1	180	Complied
Grade 6	54,000	59,535	355	59,890	180	179	1	180	Complied
Grade 7	54,000	59,535	355	59,890	180	179	1	180	Complied
Grade 8	54,000	59,535	355	59,890	180	179	1	180	Complied
Grade 9	64,800	64,809	385	65,194	180	179	1	180	Complied
Grade 10	64,800	64,809	385	65,194	180	179	1	180	Complied
Grade 11	64,800	64,809	385	65,194	180	179	1	180	Complied
Grade 12	64,800	64,809	385	65,194	180	179	1	180	Complied

*The District received an approved Form J-13A for the number of instructional days and the number of instructional minutes indicated above.

**POINT ARENA SCHOOLS
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

	2025 (Budget)	2024	2023	2022
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 10,005,764	\$ 11,048,394	\$ 10,983,927	\$ 10,166,989
Expenditures And Other Financing Uses	10,321,092	11,088,993	10,151,245	9,922,586
Net change in Fund Balance	\$ (315,328)	\$ (40,599)	\$ 832,682	\$ 244,403
Ending Fund Balance	\$ 2,366,095	\$ 2,681,423	\$ 2,722,022	\$ 1,889,340
Available Reserves*	\$ 1,260,000	\$ 1,283,013	\$ 1,125,000	\$ 1,177,409
Available Reserves As A Percentage Of Outgo	12.21%	11.57%	11.08%	11.87%
Long-term Liabilities	\$ 11,186,406	\$ 11,190,757	\$ 10,835,667	\$ 7,917,191
Average Daily Attendance At P-2	327	325	316	310

The General Fund ending fund balance has increased by \$792,083 over the past two years. However, the fiscal year 2024-25 budget projects a decrease of \$315,328. For a District this size, the State recommends available reserves of at least 4% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2024-25 fiscal year. Total long-term obligations have increased by \$3,273,566 over the past two years.

Average daily attendance has increased by 15 ADA over the past two years. An increase of 2 ADA is anticipated during the 2024-25 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

** The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve for Post-Employment Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Amounts on that schedule include the financial activity of the Private-Purpose Trust Fund, as they do not meet the criteria established by GASB Statement No. 84.

**POINT ARENA SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Maintenance Fund	Deferred	Special Reserve Fund for Other Than Capital	Special Reserve for Post- Employment	Private-Purpose Trust Fund
June 30, 2024, annual financial and budget report fund balance	\$ 2,681,423	\$ 644,236	\$ -	\$ 383,967	\$ 84,852	\$ 48,012
Adjustments and reclassifications:						
Increase (decrease) in total fund balances:						
Fund balance transfer (GASB 84)	48,012	-	-	-	-	(48,012)
Fund balance transfer (GASB 54)	1,113,055	(644,236)	-	(383,967)	(84,852)	-
Net adjustments and reclassifications	1,161,067	(644,236)	-	(383,967)	(84,852)	(48,012)
June 30, 2024, audited financial statement fund balance	\$ 3,842,490	\$ -	\$ -	\$ -	\$ -	\$ -

June 30, 2024, annual financial and budget report fund balance

Adjustments and reclassifications:

 Increase (decrease) in total fund balances:

 Fund balance transfer (GASB 84)

 Fund balance transfer (GASB 54)

Net adjustments and reclassifications

June 30, 2024, audited financial statement fund balance

**POINT ARENA SCHOOLS
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2024**

Charter #	Charter School	Status	Included in Audit Report
0192	Pacific Community Charter School	Active	No

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Student Activity Fund	Child Development Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 143,291	\$ 671	\$ 92,057	\$ 385,449	\$ 64,768	\$ 686,236
Accounts receivable	-	-	-	6,433	-	6,433
Due from other funds	-	-	195,000	-	-	195,000
Total Assets	\$ 143,291	\$ 671	\$ 287,057	\$ 391,882	\$ 64,768	\$ 887,669
LIABILITIES						
Accrued liabilities	\$ -	\$ 671	\$ -	\$ -	\$ -	\$ 671
Total Liabilities	\$ -	\$ 671	\$ -	\$ -	\$ -	\$ 671
FUND BALANCES						
Restricted	143,291	-	-	391,882	64,768	599,941
Assigned	-	-	287,057	-	-	287,057
Total Fund Balances	143,291	-	287,057	391,882	64,768	886,998
Total Liabilities and Fund Balances	\$ 143,291	\$ 671	\$ 287,057	\$ 391,882	\$ 64,768	\$ 887,669

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	Student Activity Fund	Child Development Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES						
Other local sources	\$ 87,440	\$ 231,506	\$ 3,730	\$ 124,061	\$ 10,452	\$ 457,189
Total Revenues	87,440	231,506	3,730	124,061	10,452	457,189
EXPENDITURES						
Current						
Instruction	-	209,165	-	-	-	209,165
Pupil services	-	21,980	-	-	-	21,980
Food services	-	329	-	-	-	329
Plant services	-	-	-	97,050	-	97,050
Facilities acquisition and construction	-	-	-	-	-	82,648
Ancillary services	82,648	-	-	-	-	-
Debt service	-	-	-	-	60,000	60,000
Principal	-	-	-	-	1,440	1,440
Interest and other	-	-	-	-	-	-
Total Expenditures	82,648	231,474	-	97,050	61,440	472,612
Excess (Deficiency) of Revenues Over Expenditures	4,792	32	3,730	27,011	(50,988)	(15,423)
Other Financing Sources (Uses)						
Transfers in	-	-	200,000	-	-	200,000
Net Financing Sources (Uses)	-	-	200,000	-	-	200,000
NET CHANGE IN FUND BALANCE	4,792	32	203,730	27,011	(50,988)	184,577
Fund Balance - Beginning	138,499	(32)	83,327	364,871	115,756	702,421
Fund Balance - Ending	\$ 143,291	\$ -	\$ 287,057	\$ 391,882	\$ 64,768	\$ 886,998

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2024 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2024

	<u>AL</u>	<u>Amount</u>
	Number	
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 1,345,594
Supply Chain Assistance (SCA) Fund	10.555	<u>(19,570)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 1,326,024</u>

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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.

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

OTHER INFORMATION

**POINT ARENA SCHOOLS
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2024**

Point Arena Schools is one of ten common administration districts in the State of California. It is comprised of the Arena Union Elementary School District (the “Elementary District”) and the Point Arena Joint Union High School District (the “High School District”). The Districts are governed by a single board of elected officials.

The Elementary District was established on July 13, 1885 and is comprised of an area of approximately 250 square miles located on the Mendocino Coast and adjoins the Sonoma County line. There were no changes in the boundaries of the Elementary District during the current year. The Elementary District currently operates one elementary school and maintains an independent study program. The Elementary District is also the authorizing agency for an independent charter school.

The High School District was established on May 1904 and is comprised of an area of approximately 400 square miles located on the Mendocino Coast. It includes the southern part of Mendocino and the northern most part of Sonoma County. There were no changes in the boundaries of the High School District during the current year. The High School District is currently operating two schools providing instruction in grades 9 through 12.

GOVERNING BOARD

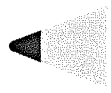
Member	Office	Term Expires
Sal Martinez	President	2026
Sigrid Hillscan	Clerk	2024
Aparna Wilder	Member	2026
Bob Gardiner	Member	2024
Victor Aparicio	Member	2024
Darrel Bechtol Jr.	Member	2024
Crysten Cole	Member	2024

DISTRICT ADMINISTRATORS

Warren Galletti
Superintendent

Catherine Chin
Business Manager

OTHER INDEPENDENT AUDITORS' REPORTS



**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**

Independent Auditors' Report

Governing Board
Point Arena Schools
Point Arena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Point Arena Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Point Arena Schools's basic financial statements, and have issued our report thereon dated December 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Point Arena Schools'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 Point Arena Schools's internal control. Accordingly, we do not express an opinion on the effectiveness of Point Arena Schools's internal control.

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

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

Report on Compliance and Other Matters

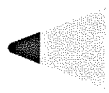
As part of obtaining reasonable assurance about whether Point Arena Schools's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
December 3, 2024



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Point Arena Schools
Point Arena, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Point Arena Schools's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Point Arena Schools's major federal programs for the year ended June 30, 2024. Point Arena Schools'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, Point Arena Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 Point Arena Schools 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Point Arena Schools'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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Point Arena Schools's federal programs.

Auditor's Responsibilities for the Audit for 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 Point Arena Schools's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Point Arena Schools's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 Point Arena Schools's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Point Arena Schools'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 Point Arena Schools'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 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.

Report on Internal Control Over Compliance (continued)

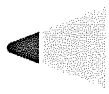
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

Christy White, Inc.

San Diego, California
December 3, 2024



REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

Governing Board
Point Arena Schools
Point Arena, California

Report on State Compliance

Opinion on State Compliance

We have audited Point Arena Schools's 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 Point Arena Schools's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2024.

In our opinion, Point Arena Schools complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2024.

Basis for Opinion on State Compliance

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

We are required to be independent of Point Arena Schools 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. Our audit does not provide a legal determination of Point Arena Schools'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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Point Arena Schools's state programs.

Auditor’s Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Point Arena Schools’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide 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 Point Arena Schools’s compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Point Arena Schools’s compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Point Arena Schools’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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Point Arena Schools’s internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Point Arena Schools’s compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	No
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
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	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for independent study and continuation education because the ADA was immaterial.

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

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California

December 3, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**POINT ARENA SCHOOLS
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.425, 84.425U	Education Stabilization Fund Discretionary Grants	
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2023-24 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**POINT ARENA SCHOOLS
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2024.

**POINT ARENA SCHOOLS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2024.

**POINT ARENA SCHOOLS
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2024.

**POINT ARENA SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings or questioned costs for the year ended June 30, 2023.