

1/5/2026

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, 2025. 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. As described in Note 1 to the financial statements, Point Arena Schools changed accounting policies related to compensated absences by adopting Governmental Accounting Standards (GASB) Statement No. 101, *Compensated Absences*, in 2025. and the application of existing policies was not changed during 2025. 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 compensated absences is based on an analysis of past leave usage to determine which portion is more likely than not to be used for time off. We evaluated the calculation prepared 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.

348 Olive Street  
San Diego, CA  
92103O: 619-270-8222  
F: 619-260-9085  
[christywhite.com](http://christywhite.com)

## **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 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.

The disclosure of compensated absences in Note 8 to the financial statements represents management's estimates based on an actuarial valuation. Actual results could differ depending on the actual leave balances earned and used.

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 1/5/2026.

### ***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.

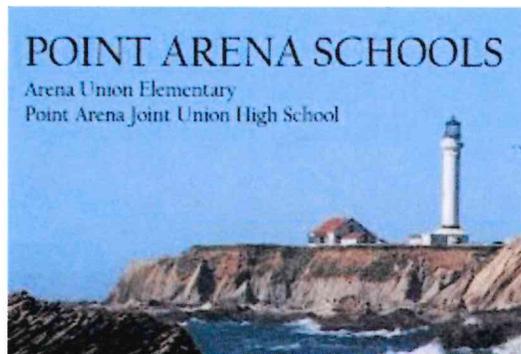
Very truly yours,



Christy White, Inc.  
San Diego, California

# POINT ARENA SCHOOLS

**AUDIT REPORT**  
**JUNE 30, 2025**



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# **FINANCIAL SECTION**

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Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

## 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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***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.

##### ***Emphasis of Matter***

###### *Change in Accounting Principle*

As described in Note 1 to the financial statements, the Point Arena Schools adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

348 Olive Street  
San Diego, CA  
92103

O: 619-270-8222  
F: 619-260-9085  
[christywhite.com](http://christywhite.com)

### ***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 January 5, 2026 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  
January 5, 2026

# POINT ARENA SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

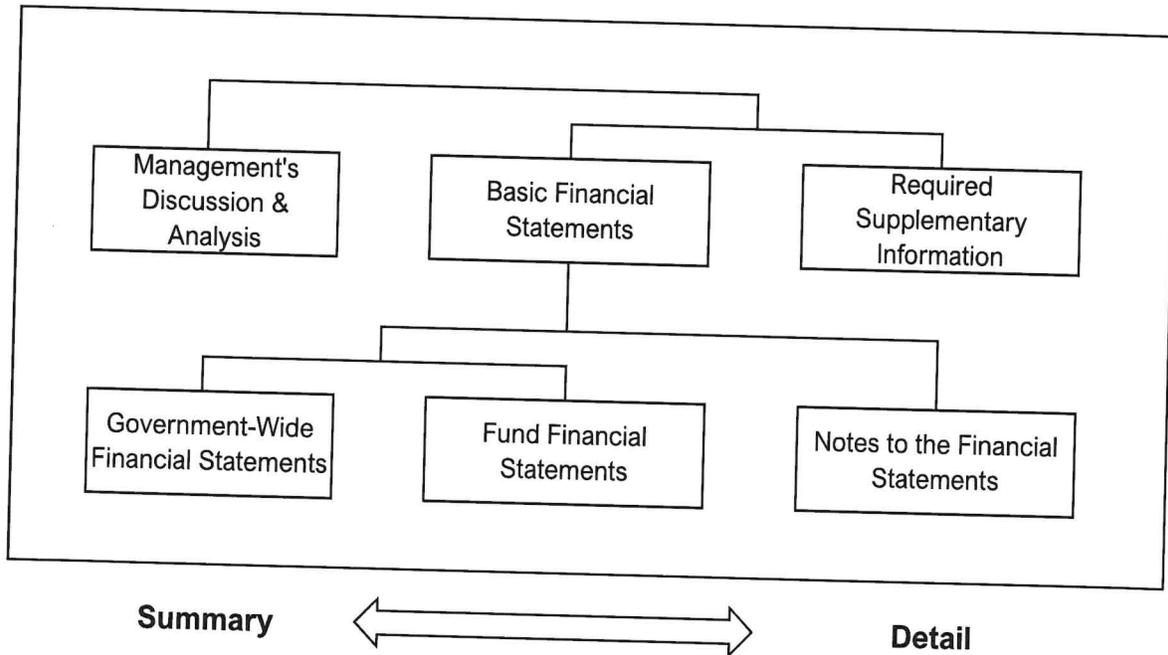
Our discussion and analysis of Point Arena Schools (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's net position was \$5,113,814 at June 30, 2025. This was an increase of \$43,332 from the restated beginning balance.
- Overall revenues were \$11,693,033 which exceeded expenses of \$11,649,701.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section



**POINT ARENA SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**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, 2025**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$5,113,814 at June 30, 2025, as reflected in the table below. Of this amount, (\$4,528,262) 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.

	<b>Governmental Activities</b>		
	<b>2025</b>	<b>2024</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 6,718,405	\$ 7,042,705	\$ (324,300)
Capital assets	8,162,110	8,506,802	(344,692)
<b>Total Assets</b>	<b>14,880,515</b>	<b>15,549,507</b>	<b>(668,992)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,519,396</b>	<b>2,836,093</b>	<b>(316,697)</b>
<b>LIABILITIES</b>			
Current liabilities	836,948	1,226,642	(389,694)
Long-term liabilities	10,543,165	11,186,406	(643,241)
<b>Total Liabilities</b>	<b>11,380,113</b>	<b>12,413,048</b>	<b>(1,032,935)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>905,984</b>	<b>614,027</b>	<b>291,957</b>
<b>NET POSITION</b>			
Net investment in capital assets	7,153,176	7,497,868	(344,692)
Restricted	2,488,900	2,616,981	(128,081)
Unrestricted	(4,528,262)	(4,756,324)	228,062
<b>Total Net Position</b>	<b>\$ 5,113,814</b>	<b>\$ 5,358,525</b>	<b>\$ (244,711)</b>

**POINT ARENA SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

**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.

	<b>Governmental Activities</b>		
	<b>2025</b>	<b>2024</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 481,885	\$ 435,573	\$ 46,312
Operating grants and contributions	1,988,782	2,680,725	(691,943)
General revenues			
Property taxes	8,666,852	8,097,287	569,565
Unrestricted federal and state aid	273,993	471,147	(197,154)
Other	281,521	196,221	85,300
<b>Total Revenues</b>	<b>11,693,033</b>	<b>11,880,953</b>	<b>(187,920)</b>
<b>EXPENSES</b>			
Instruction	5,034,272	5,483,454	(449,182)
Instruction-related services	1,411,672	1,372,887	38,785
Pupil services	2,000,291	1,972,726	27,565
General administration	905,130	904,888	242
Plant services	1,695,817	1,532,829	162,988
Ancillary and community services	602,519	618,089	(15,570)
Debt service	-	134,946	(134,946)
<b>Total Expenses</b>	<b>11,649,701</b>	<b>12,019,819</b>	<b>(370,118)</b>
<b>Change in net position</b>	<b>43,332</b>	<b>(138,866)</b>	<b>182,198</b>
<b>Net Position - Beginning, as Restated*</b>	<b>5,070,482</b>	<b>5,497,391</b>	<b>(426,909)</b>
<b>Net Position - Ending</b>	<b>\$ 5,113,814</b>	<b>\$ 5,358,525</b>	<b>\$ (244,711)</b>

\*Beginning net position was restated for the 2025 year only.

The cost of all our governmental activities this year was \$11,649,701 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$8,666,852 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, 2025**

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**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.

	<b>Net Cost of Services</b>	
	<b>2025</b>	<b>2024</b>
Instruction	\$ 4,038,902	\$ 3,978,234
Instruction-related services	1,355,657	1,323,839
Pupil services	1,009,388	1,002,197
General administration	890,757	874,167
Plant services	1,621,228	1,348,833
Ancillary and community services	263,102	241,305
Debt service	-	134,946
<b>Total</b>	<b>\$ 9,179,034</b>	<b>\$ 8,903,521</b>

**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 \$5,851,982 which is greater than last year's ending fund balance of \$5,742,979. The District's General Fund had \$329,315 more in operating revenues than expenditures for the year ended June 30, 2025. The District's Cafeteria Fund had \$262,007 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Bond Interest and Redemption Fund had \$3,190 more in operating revenues than expenditures for the year ended June 30, 2025.

**CURRENT YEAR BUDGET 2024-2025**

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, 2025**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2024-2025 the District had invested \$8,162,110 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 55,000	\$ 55,000	\$ -
Construction in progress	15,806	-	15,806
Land improvements	986,527	986,527	-
Buildings & improvements	13,255,750	13,142,897	112,853
Furniture & equipment	1,202,425	1,202,425	-
Less: Accumulated depreciation	(7,353,398)	(6,880,047)	(473,351)
<b>Total</b>	<b>\$ 8,162,110</b>	<b>\$ 8,506,802</b>	<b>\$ (344,692)</b>

**Long-Term Liabilities**

At year-end, the District had \$10,543,165 in long-term liabilities, a decrease of 8.12% from last year, after restatement, 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		
	2025	2024	Net Change
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 3,214,639	\$ 3,214,639	\$ -
Compensated absences*	371,192	325,403	45,789
Total OPEB liability	161,021	152,706	8,315
Net pension liability	6,845,921	7,786,052	(940,131)
Less: current portion of long-term liabilities	(49,608)	(4,351)	(45,257)
<b>Total</b>	<b>\$ 10,543,165</b>	<b>\$ 11,474,449</b>	<b>\$ (931,284)</b>

\*Compensated Absences for 2024 was restated in order to record the District's compensated absences in accordance with GASB Statement No. 101 which supersedes GASB Statement No. 16 for the year ended June 30, 2025.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Several economic and fiscal factors could influence the District's financial condition in the coming year, including continued enrollment declines, uncertain Federal and State revenues, high pension obligations, and a cooling California economy.

**Long-Term Declining Enrollment**

California's K-12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024-25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033-34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

**POINT ARENA SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

**Revenue Uncertainties**

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years.

**Pension Liabilities and Employer Rates**

The District participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Districts must continue to account for escalating pension costs in long-range projections.

**Economic and Market Conditions**

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that districts maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

**Summary**

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The District's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

**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, 2025**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 6,132,924
Accounts receivable	568,752
Inventory	16,729
Capital assets:	
Capital assets, not depreciated	70,806
Capital assets, net of accumulated depreciation	8,091,304
<b>Total Assets</b>	<u>14,880,515</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	2,518,763
Deferred outflows related to OPEB	633
<b>Total Deferred Outflows of Resources</b>	<u>2,519,396</u>
 <b>LIABILITIES</b>	
Deficit cash	156,362
Accrued liabilities	535,978
Unearned revenue	95,000
Long-term liabilities, current portion	49,608
Long-term liabilities, non-current portion	10,543,165
<b>Total Liabilities</b>	<u>11,380,113</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	819,331
Deferred inflows related to OPEB	86,653
<b>Total Deferred Inflows of Resources</b>	<u>905,984</u>
 <b>NET POSITION</b>	
Net investment in capital assets	7,153,176
Restricted:	
Capital projects	1,502,972
Debt service	67,958
Educational programs	778,164
Associated student body	139,806
Unrestricted	(4,528,262)
<b>Total Net Position</b>	<u>\$ 5,113,814</u>

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

**POINT ARENA SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 5,034,272	\$ 251,148	\$ 744,222	\$ (4,038,902)
Instruction-related services				
Instructional supervision and administration	74,476	1,388	28,151	(44,937)
Instructional library, media, and technology	403,948	-	1,652	(402,296)
School site administration	933,248	7,614	17,210	(908,424)
Pupil services				
Home-to-school transportation	350,411	1	3,090	(347,320)
Food services	1,032,700	56,625	607,230	(368,845)
All other pupil services	617,180	158,097	165,860	(293,223)
General administration				
Centralized data processing	34,182	-	-	(34,182)
All other general administration	870,948	-	14,373	(856,575)
Plant services	1,695,817	2,974	71,615	(1,621,228)
Ancillary services	576,757	4,038	335,379	(237,340)
Community services	25,762	-	-	(25,762)
<b>Total Governmental Activities</b>	<b>\$ 11,649,701</b>	<b>\$ 481,885</b>	<b>\$ 1,988,782</b>	<b>(9,179,034)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				8,665,248
Property taxes, levied for debt service				1,604
Federal and state aid not restricted for specific purposes				273,993
Interest and investment earnings				114,393
Interagency revenues				2,444
Miscellaneous				164,684
<b>Subtotal, General Revenue</b>				<b>9,222,366</b>
<b>CHANGE IN NET POSITION</b>				<b>43,332</b>
<b>Net Position - Beginning, as Restated*</b>				<b>5,070,482</b>
<b>Net Position - Ending</b>				<b>\$ 5,113,814</b>

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

**POINT ARENA SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2025**

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,006,827	\$ 5,861	\$ 1,973,105	\$ 6,053,751
Accounts receivable	390,040	156,942	21,410	568,392
Due from other funds	50,000	-	-	50,000
Stores inventory	-	16,729	-	16,729
<b>Total Assets</b>	<b>\$ 4,446,867</b>	<b>\$ 179,532</b>	<b>\$ 1,994,515</b>	<b>\$ 6,688,872</b>
<b>LIABILITIES</b>				
Deficit cash	\$ -	\$ 156,362	\$ -	\$ 156,362
Accrued liabilities	528,699	6,441	388	535,528
Due to other funds	-	-	50,000	50,000
Unearned revenue	95,000	-	-	95,000
<b>Total Liabilities</b>	<b>623,699</b>	<b>162,803</b>	<b>50,388</b>	<b>836,890</b>
<b>FUND BALANCES</b>				
Nonspendable	3,150	16,729	-	19,879
Restricted	778,164	-	1,642,778	2,488,900
Assigned	1,074,653	-	301,349	1,376,002
Unassigned	1,967,201	-	-	1,967,201
<b>Total Fund Balances</b>	<b>3,823,168</b>	<b>16,729</b>	<b>1,944,127</b>	<b>5,851,982</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,446,867</b>	<b>\$ 179,532</b>	<b>\$ 1,994,515</b>	<b>\$ 6,688,872</b>

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, 2025**

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**Total Fund Balance - Governmental Funds** \$ 5,851,982

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	\$ 15,515,508	
Accumulated depreciation	<u>(7,353,398)</u>	8,162,110

**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	371,192	
Total OPEB liability	161,021	
Net pension liability	<u>6,845,921</u>	(10,592,773)

**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	\$ 2,518,763	
Deferred inflows of resources related to pensions	<u>(819,331)</u>	1,699,432

**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	\$ 633	
Deferred inflows of resources related to OPEB	<u>(86,653)</u>	(86,020)

**Internal service funds:**

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:

79,083

**Total Net Position - Governmental Activities** \$ 5,113,814

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, 2025**

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 8,708,740	\$ -	\$ -	\$ -	\$ 8,708,740
Federal sources	495,768	262,006	-	-	757,774
Other state sources	1,011,519	154,294	-	-	1,165,813
Other local sources	720,331	233,844	3,190	489,646	1,447,011
<b>Total Revenues</b>	<b>10,936,358</b>	<b>650,144</b>	<b>3,190</b>	<b>489,646</b>	<b>12,079,338</b>
<b>EXPENDITURES</b>					
Current					
Instruction	4,906,726	-	-	218,506	5,125,232
Instruction-related services					
Instructional supervision and administration	79,800	-	-	-	79,800
Instructional library, media, and technology	412,668	-	-	-	412,668
School site administration	948,332	-	-	-	948,332
Pupil services					
Home-to-school transportation	353,932	-	-	-	353,932
Food services	128,042	912,151	-	-	1,040,193
All other pupil services	607,874	-	-	-	607,874
General administration					
Centralized data processing	34,182	-	-	-	34,182
All other general administration	913,942	-	-	-	913,942
Plant services	1,709,991	-	-	2,974	1,712,965
Facilities acquisition and construction	-	-	-	128,659	128,659
Ancillary services	484,405	-	-	101,002	585,407
Community services	27,149	-	-	-	27,149
<b>Total Expenditures</b>	<b>10,607,043</b>	<b>912,151</b>	<b>-</b>	<b>451,141</b>	<b>11,970,335</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>329,315</b>	<b>(262,007)</b>	<b>3,190</b>	<b>38,505</b>	<b>109,003</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	270,637	-	78,000	348,637
Transfers out	(348,637)	-	-	-	(348,637)
<b>Net Financing Sources (Uses)</b>	<b>(348,637)</b>	<b>270,637</b>	<b>-</b>	<b>78,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(19,322)</b>	<b>8,630</b>	<b>3,190</b>	<b>116,505</b>	<b>109,003</b>
<b>Fund Balance - Beginning</b>	<b>3,842,490</b>	<b>8,099</b>	<b>64,768</b>	<b>1,827,622</b>	<b>5,742,979</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,823,168</b>	<b>\$ 16,729</b>	<b>\$ 67,958</b>	<b>\$ 1,944,127</b>	<b>\$ 5,851,982</b>

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, 2025**

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**Net Change in Fund Balances - Governmental Funds** \$ 109,003

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:	\$ 128,659	
Depreciation expense:	<u>(473,351)</u>	(344,692)

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:

(45,789)

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:

58,564

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:

264,598

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:

1,648

**Change in Net Position of Governmental Activities**

\$ 43,332

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

POINT ARENA SCHOOLS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2025

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 79,173
Accounts receivable	360
Total current assets	<u>79,533</u>
<b>Total Assets</b>	<u>79,533</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	<u>450</u>
Total current liabilities	<u>450</u>
<b>Total Liabilities</b>	<u>450</u>
<b>NET POSITION</b>	
Restricted	<u>79,083</u>
<b>Total Net Position</b>	<u>\$ 79,083</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, 2025**

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	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 10,453
<b>Total operating revenues</b>	<u>10,453</u>
<b>OPERATING EXPENSES</b>	
Professional services	10,500
<b>Total operating expenses</b>	<u>10,500</u>
<b>Operating income/(loss)</b>	<u>(47)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	1,695
<b>Total non-operating revenues/(expenses)</b>	<u>1,695</u>
<b>CHANGE IN NET POSITION</b>	1,648
<b>Net Position - Beginning</b>	<u>77,435</u>
<b>Net Position - Ending</b>	<u>\$ 79,083</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, 2025**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<b>Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 10,453
Cash received (paid) from assessments made to (from) other funds	10,480
Cash payments for payroll, insurance, and operating costs	<u>(10,840)</u>
Net cash provided by (used for) operating activities	<u>10,093</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>1,695</u>
Net cash provided by (used for) investing activities	<u>1,695</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>11,788</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	67,385
End of year	<u>\$ 79,173</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ (47)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(360)
(Increase) decrease in due from other funds	10,840
Increase (decrease) in accrued liabilities	<u>(340)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 10,093</u>

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

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**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, 2025**

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**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*).

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

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*).

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

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.

**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.

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**

In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**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, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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, 2025

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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, 2025**

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**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)**

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, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. New Accounting Pronouncements**

**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 implemented this Statement as of June 30, 2025.

**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 implemented this Statement as of June 30, 2025.

**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.

**GASB Statement No. 104** – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. 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, 2025**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Funds</b>	<b>Internal Service Fund</b>	<b>Governmental Activities</b>
Investment in county treasury*	\$ 5,748,572	\$ 79,173	\$ 5,827,745
Cash on hand and in banks	145,667	-	145,667
Cash in revolving fund	3,150	-	3,150
<b>Total</b>	<b>\$ 5,897,389</b>	<b>\$ 79,173</b>	<b>\$ 5,976,562</b>

\*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 \$5,988,695 and an amortized book value of \$5,827,745. The average weighted maturity for this pool is 456 days.

**POINT ARENA SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**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.

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

**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, 2025, the District's bank balance was not exposed to custodial credit risk.

**POINT ARENA SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**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, 2025 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 5,988,695
<b>Total</b>	<b>\$ 5,988,695</b>

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2025 consisted of the following:

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Governmental Activities</u>
Federal Government					
Categorical aid	\$ 38,856	\$ 102,858	\$ 1,329	\$ -	\$ 143,043
State Government					
Apportionment	137,142	-	-	-	137,142
Categorical aid	142,838	54,084	-	-	196,922
Lottery	48,835	-	-	-	48,835
Local Government					
Other local sources	22,369	-	20,081	360	42,810
<b>Total</b>	<b>\$ 390,040</b>	<b>\$ 156,942</b>	<b>\$ 21,410</b>	<b>\$ 360</b>	<b>\$ 568,752</b>

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
Construction in progress	-	15,806	-	15,806
Total capital assets not being depreciated	55,000	15,806	-	70,806
Capital assets being depreciated				
Land improvements	986,527	-	-	986,527
Buildings & improvements	13,142,897	112,853	-	13,255,750
Furniture & equipment	1,202,425	-	-	1,202,425
Total capital assets being depreciated	15,331,849	112,853	-	15,444,702
Less: Accumulated depreciation				
Land improvements	734,708	49,327	-	784,035
Buildings & improvements	5,451,502	373,936	-	5,825,438
Furniture & equipment	693,837	50,088	-	743,925
Total accumulated depreciation	6,880,047	473,351	-	7,353,398
Total capital assets being depreciated, net	8,451,802	(360,498)	-	8,091,304
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 8,506,802</b>	<b>\$ (344,692)</b>	<b>\$ -</b>	<b>\$ 8,162,110</b>

Total depreciation expense of \$473,351 is allocated by the functions for instruction \$437,507 and pupil services for home-to-school transportation \$35,844 in the Statement of Activities.

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2025 were as follows:

	Due To Other Funds	General Fund	Total
Non-Major Governmental Funds		50,000	50,000
<b>Total</b>		<b>\$ 50,000</b>	<b>\$ 50,000</b>
Due from the Pupil Transportation Equipment Fund to the General Fund for transportation expenses.			\$ 30,000
Due from the Special Reserve Fund for Capital Outlay Projects to the General Fund for facility expenses.			20,000
<b>Total</b>			<b>\$ 50,000</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Interfund Transfers Out	Interfund Transfers In		
		Cafeteria Fund	Non-Major Governmental Funds	Total
General Fund		\$ 270,637	\$ 78,000	\$ 348,637
<b>Total</b>		<b>\$ 270,637</b>	<b>\$ 78,000</b>	<b>\$ 348,637</b>
Transfer from the General Fund to the Cafeteria Fund for contributions to cover encroachment.				\$ 270,637
Transfer from the General Fund to the Pupil Transportation Equipment Fund for expenses.				8,000
Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects for facility expenses.				70,000
<b>Total</b>				<b>\$ 348,637</b>

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2025 consisted of the following:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Payroll	\$ 332,573	\$ -	\$ 388	\$ -	\$ 332,961
Vendors payable	196,126	6,441	-	450	203,017
<b>Total</b>	<b>\$ 528,699</b>	<b>\$ 6,441</b>	<b>\$ 388</b>	<b>\$ 450</b>	<b>\$ 535,978</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2025 consisted of the following of state categorical sources in the General Fund of \$95,000.

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 889,062	\$ -	\$ -	\$ 889,062	\$ -
Unamortized premium	119,872	-	-	119,872	4,351
Accreted interest	2,205,705	-	-	2,205,705	-
Total general obligation bonds	3,214,639	-	-	3,214,639	4,351
Compensated absences*	325,403	45,789	-	371,192	45,257
Total OPEB liability	152,706	8,315	-	161,021	-
Net pension liability	7,786,052	-	940,131	6,845,921	-
<b>Total</b>	<b>\$ 11,478,800</b>	<b>\$ 54,104</b>	<b>\$ 940,131</b>	<b>\$ 10,592,773</b>	<b>\$ 49,608</b>

\*The change in the compensated absences liability is presented as a net change.

**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 July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
2005	6/22/2005	8/1/2043	5.0%-5.29%	\$ 889,062	\$ 889,062	\$ -	\$ -	\$ 889,062
					\$ 889,062	\$ -	\$ -	\$ 889,062

**POINT ARENA SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**A. General Obligation Bonds (continued)**

**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.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ -	-
2027	-	-	-
2028	-	-	-
2029	86,342	233,658	320,000
2030	-	-	-
2031 - 2035	309,299	1,130,701	1,440,000
2036 - 2040	283,923	1,471,077	1,755,000
2041 - 2044	209,497	1,460,503	1,670,000
Accretion	2,205,705	(2,205,705)	-
<b>Total</b>	<b>\$ 889,062</b>	<b>\$ 4,295,938</b>	<b>\$ 5,185,000</b>

**B. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2025 amounted to \$371,192. This amount is included as part of the long-term liabilities in the government-wide financial statements.

**C. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$152,706 and increased by \$8,315 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was \$161,021. See Note 10 for additional information regarding the total OPEB liability.

**D. Net Pension Liability**

The District's beginning net pension liability was \$7,786,052 and decreased by \$940,131 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$6,845,921. See Note 11 for additional information regarding the net pension liability.

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2025:

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 3,150	\$ -	\$ -	\$ -	\$ 3,150
Stores inventory	-	16,729	-	-	16,729
Total non-spendable	3,150	16,729	-	-	19,879
Restricted					
Educational programs	778,164	-	-	-	778,164
Associated student body	-	-	-	139,806	139,806
Capital projects	-	-	-	1,502,972	1,502,972
Debt service	-	-	67,958	-	67,958
Total restricted	778,164	-	67,958	1,642,778	2,488,900
Assigned					
Other Assignments	1,074,653	-	-	301,349	1,376,002
Total assigned	1,074,653	-	-	301,349	1,376,002
Unassigned	1,967,201	-	-	-	1,967,201
<b>Total</b>	<b>\$ 3,823,168</b>	<b>\$ 16,729</b>	<b>\$ 67,958</b>	<b>\$ 1,944,127</b>	<b>\$ 5,851,982</b>

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, 2025**

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

**C. Contributions**

For the measurement period, the District did not contribute to the Plan. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District’s contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

**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>
<b>Total number of participants**</b>	<b><u>4</u></b>

\*Information not provided

\*\*As of the June 30, 2023 valuation date

**E. Total OPEB Liability**

The Point Arena Schools’ total OPEB liability of \$161,021 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2025 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	3.97%

**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, 2025**

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

**G. Changes in Total OPEB Liability**

	<u>June 30, 2025</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 2,981
Interest on total OPEB liability	6,010
Changes of assumptions	<u>(676)</u>
Net change in total OPEB liability	8,315
Total OPEB liability - beginning	<u>152,706</u>
Total OPEB liability - ending	<u>\$ 161,021</u>
Covered-employee payroll	\$ 305,855
District's total OPEB liability as a percentage of covered-employee payroll	52.65%

**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 (2.97 percent) or one percentage point higher (4.97 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(2.97%)</b>	<b>(3.97%)</b>	<b>(4.97%)</b>
Total OPEB liability	\$ 167,245	\$ 161,021	\$ 155,003

**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:

	<b>1% Decrease</b>	<b>Valuation Trend Rate</b>	<b>1% Increase</b>
	<b>(4.50%)</b>	<b>(5.50%)</b>	<b>(6.50%)</b>
Total OPEB liability	\$ 153,557	\$ 161,021	\$ 169,143

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**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, 2025, the Point Arena Schools recognized OPEB expense of \$58,564. At June 30, 2025, 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	\$ -	\$ 64,851
Changes in assumptions	633	21,802
<b>Total</b>	<u>\$ 633</u>	<u>\$ 86,653</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>
2026	\$ 488	\$ 68,044
2027	145	18,548
2028	-	61
<b>Total</b>	<u>\$ 633</u>	<u>\$ 86,653</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>
CalSTRS Pension	\$ 2,830,508	\$ 1,305,043	\$ 705,276	\$ 329,757
CalPERS Pension	4,015,413	1,213,720	114,055	557,203
<b>Total</b>	<u>\$ 6,845,921</u>	<u>\$ 2,518,763</u>	<u>\$ 819,331</u>	<u>\$ 886,960</u>

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**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 annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275

**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 2025, 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 2025 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 \$519,202 for the year ended June 30, 2025.

**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 \$262,226 to CalSTRS.

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**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, 2025, 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	\$	2,830,508
State's proportionate share of the net pension liability associated with the District		<u>1,298,666</u>
<b>Total</b>	<b>\$</b>	<b><u>4,129,174</u></b>

The net pension liability was measured as of June 30, 2024, 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, 2023 and rolling forward the total pension liability to June 30, 2024. 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, 2024, the District’s proportion was 0.004 percent, which did not change from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$329,757. In addition, the District recognized pension expense and revenue of \$(124,079) for support provided by the State. At June 30, 2025, 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	\$ -	\$ 11,421
Differences between expected and actual experience	320,167	123,777
Changes in assumptions	12,390	193,314
Changes in proportion and differences between District contributions and proportionate share of contributions	453,284	376,764
District contributions subsequent to the measurement date	<u>519,202</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>1,305,043</u></b>	<b>\$ <u>705,276</u></b>

**POINT ARENA SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**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 \$519,202 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>
2026	\$ 222,958	\$ 324,295
2027	203,246	(105,279)
2028	140,520	141,717
2029	140,518	131,690
2030	60,266	180,529
2031	18,333	32,324
<b>Total</b>	<b>\$ 785,841</b>	<b>\$ 705,276</b>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 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 Growth	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-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

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 2024 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, 2024, are summarized in the table on the following page.

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**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	\$ 5,384,046	\$ 2,830,508	\$ 1,403,685

**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, 2025**

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**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 annual comprehensive 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 Q 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 2025 27.05% of annual payroll.. Contributions to the plan from the District were \$632,356 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$4,015,413 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 and rolling forward the total pension liability to June 30, 2024. 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, 2024, the District's proportion was 0.011 percent, which was an decrease of 0.0001 percent from its proportion measured as of June 30, 2023.

**POINT ARENA SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**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, 2025, the District recognized pension expense of \$577,203. At June 30, 2025, 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	\$ 155,976	\$ -
Differences between expected and actual experience	336,634	28,738
Changes in assumptions	88,754	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	85,317
District contributions subsequent to the measurement date	632,356	-
<b>Total</b>	<u>\$ 1,213,720</u>	<u>\$ 114,055</u>

The \$632,356 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>
2026	\$ 223,428	\$ 85,317
2027	368,013	28,738
2028	39,276	-
2029	(49,353)	-
<b>Total</b>	<u>\$ 581,364</u>	<u>\$ 114,055</u>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 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, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

The actuarial assumptions used in the June 30, 2023, 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.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>
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, 2025**

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**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	\$ 5,964,929	\$ 4,015,413	\$ 2,404,957

**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, 2025.

**B. Construction Commitments**

As of June 30, 2025, 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, 2025.

**POINT ARENA SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

During the fiscal year ending June 30, 2025, 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, 2025, total deferred outflows related to pensions was \$2,518,763 and total deferred inflows related to pensions was \$819,331.

**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, 2025, total deferred outflows related to other postemployment benefits was \$633 and total deferred inflows related to other postemployment benefits was \$86,653.

**NOTE 15 – RESTATEMENT OF NET POSITION**

The beginning net position of the Governmental Activities has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16.

The cumulative effect of applying GASB 101 required a restatement of the beginning net position, as follows:

	<b>Governmental Activities</b>
Net Position - Beginning, as Previously Reported	\$ 5,358,525
Restatement	(288,043)
Net Position - Beginning, as Restated	<u>\$ 5,070,482</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**POINT ARENA SCHOOLS  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 8,175,515	\$ 8,346,677	\$ 8,667,503	\$ 320,826
Federal sources	135,000	135,000	495,768	360,768
Other state sources	74,844	74,844	1,011,519	936,675
Other local sources	56,300	164,975	695,637	530,662
<b>Total Revenues</b>	<b>8,441,659</b>	<b>8,721,496</b>	<b>10,870,427</b>	<b>2,148,931</b>
<b>EXPENDITURES</b>				
Certificated salaries	2,206,545	2,155,122	2,893,302	(738,180)
Classified salaries	1,489,177	1,533,186	2,266,525	(733,339)
Employee benefits	1,885,531	1,868,839	2,780,213	(911,374)
Books and supplies	449,630	535,666	906,676	(371,010)
Services and other operating expenditures	1,068,132	1,032,092	1,612,188	(580,096)
<b>Total Expenditures</b>	<b>7,099,014</b>	<b>7,124,905</b>	<b>10,458,904</b>	<b>(3,333,999)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,342,645</b>	<b>1,596,591</b>	<b>411,523</b>	<b>(1,185,068)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	153,191	153,191
Transfers out	-	-	(546,637)	(546,637)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(393,446)</b>	<b>(393,446)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,342,645</b>	<b>1,596,591</b>	<b>18,077</b>	<b>(1,578,514)</b>
<b>Fund Balance - Beginning</b>	<b>1,554,853</b>	<b>2,681,423</b>	<b>2,681,423</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 2,897,498</b>	<b>\$ 4,278,014</b>	<b>\$ 2,699,500</b>	<b>\$ (1,578,514)</b>

\* 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 Fund for Postemployment Benefits, 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, 2025**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 205,000	\$ 205,000	\$ 262,006	\$ 57,006
Other state sources	130,000	130,000	154,294	24,294
Other local sources	171,500	171,500	233,844	62,344
<b>Total Revenues</b>	<b>506,500</b>	<b>506,500</b>	<b>650,144</b>	<b>143,644</b>
<b>EXPENDITURES</b>				
Classified salaries	245,921	242,655	245,861	(3,206)
Employee benefits	156,726	153,736	150,752	2,984
Books and supplies	211,000	211,000	330,186	(119,186)
Services and other operating expenditures	150,500	150,500	185,352	(34,852)
<b>Total Expenditures</b>	<b>764,147</b>	<b>757,891</b>	<b>912,151</b>	<b>(154,260)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(257,647)</b>	<b>(251,391)</b>	<b>(262,007)</b>	<b>(10,616)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	270,637	270,637
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>270,637</b>	<b>270,637</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(257,647)</b>	<b>(251,391)</b>	<b>8,630</b>	<b>260,021</b>
<b>Fund Balance - Beginning</b>	<b>6,992</b>	<b>8,099</b>	<b>8,099</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ (250,655)</b>	<b>\$ (243,292)</b>	<b>\$ 16,729</b>	<b>\$ 260,021</b>

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, 2025**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>								
Service cost	\$ 2,981	\$ 2,328	\$ 10,541	\$ 4,830	\$ 7,160	\$ 6,537	\$ 13,535	\$ 13,141
Interest on total OPEB liability	6,010	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	(676)	1,809	(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	8,315	(127,914)	(10,711)	(109,947)	(20,081)	(162,222)	(10,393)	(53,103)
Total OPEB liability - beginning	152,706	280,620	291,331	401,278	421,359	583,581	593,974	647,077
Total OPEB liability - ending	\$ 161,021	\$ 152,706	\$ 280,620	\$ 291,331	\$ 401,278	\$ 421,359	\$ 583,581	\$ 593,974
Covered-employee payroll	\$ 305,855	\$ 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	52.65%	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, 2025**

	June 30, 2025	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
District's proportionate share of the net pension liability	0.004%	0.005%	0.005%	0.005%	0.005%	0.004%	0.004%	0.004%	0.004%	0.005%
District's proportionate share of the net pension liability	\$ 2,830,508	\$ 3,593,503	\$ 3,318,737	\$ 2,087,594	\$ 4,428,916	\$ 3,697,291	\$ 3,605,020	\$ 4,020,309	\$ 3,601,911	\$ 3,100,780
State's proportionate share of the net pension liability associated with the District	1,298,666	1,693,032	1,662,034	1,050,418	2,283,089	2,017,136	2,064,052	2,378,400	2,050,896	1,539,967
<b>Total</b>	<b>\$ 4,129,174</b>	<b>\$ 5,226,535</b>	<b>\$ 4,980,771</b>	<b>\$ 3,138,012</b>	<b>\$ 6,712,005</b>	<b>\$ 5,714,427</b>	<b>\$ 5,669,072</b>	<b>\$ 6,398,709</b>	<b>\$ 5,652,717</b>	<b>\$ 4,740,747</b>
District's covered payroll	\$ 2,854,399	\$ 2,895,138	\$ 2,777,560	\$ 2,591,728	\$ 2,511,090	\$ 2,207,703	\$ 2,131,738	\$ 2,322,747	\$ 1,681,246	\$ 2,082,733
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.16%	122.05%	119.48%	82.46%	175.37%	167.47%	169.11%	173.08%	214.24%	148.88%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%

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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	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
District's proportion of the net pension liability	0.011%	0.012%	0.012%	0.012%	0.012%	0.012%	0.012%	0.013%	0.013%	0.015%
District's proportionate share of the net pension liability	\$ 4,015,413	\$ 4,252,549	\$ 4,059,034	\$ 2,439,906	\$ 3,694,042	\$ 3,376,349	\$ 3,162,070	\$ 3,044,911	\$ 2,637,481	\$ 2,209,711
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
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.93%	208.71%	224.35%	141.73%	212.57%	210.26%	202.46%	186.99%	156.89%	133.06%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.0%	70.05%	70.85%	71.87%	73.90%	79.43%

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, 2025**

	June 30, 2025	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
Contractually required contribution	\$ 519,202	\$ 529,914	\$ 544,718	\$ 470,824	\$ 402,298	\$ 422,876	\$ 355,413	\$ 304,171	\$ 289,578	\$ 244,564
Contributions in relation to the contractually required contribution*	(519,202)	(529,914)	(544,718)	(470,824)	(402,298)	(422,876)	(355,413)	(304,171)	(289,578)	(244,564)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,820,691	\$ 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
Contributions as a percentage of covered payroll	18.41%	18.56%	18.81%	16.95%	15.89%	16.84%	16.10%	14.27%	12.47%	14.55%

\*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**POINT ARENA SCHOOLS  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	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
Contractually required contribution	\$ 632,356	\$ 591,932	\$ 516,689	\$ 416,543	\$ 355,683	\$ 342,627	\$ 290,023	\$ 243,071	\$ 226,518	\$ 192,839
Contributions in relation to the contractually required contribution*	(632,356)	(591,932)	(516,689)	(416,543)	(355,683)	(342,627)	(290,023)	(243,071)	(226,518)	(192,839)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,337,513	\$ 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
Contributions as a percentage of covered payroll	27.05%	26.67%	25.36%	22.97%	20.66%	19.72%	18.06%	15.56%	13.91%	11.47%

\*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**POINT ARENA SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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**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 3.86% to 3.97% 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. 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, 2025**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2025, 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:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Certificated salaries	\$ 2,155,122	\$ 2,893,302	\$ 738,180
Classified salaries	\$ 1,533,186	\$ 2,266,525	\$ 733,339
Employee benefits	\$ 1,868,839	\$ 2,780,213	\$ 911,374
Books and supplies	\$ 535,666	\$ 906,676	\$ 371,010
Services and other operating expenditures	\$ 1,032,092	\$ 1,612,188	\$ 580,096
Other outgo			
Cafeteria Fund			
Classified salaries	\$ 242,655	\$ 245,861	\$ 3,206
Books and supplies	\$ 211,000	\$ 330,186	\$ 119,186
Services and other operating expenditures	\$ 150,500	\$ 185,352	\$ 34,852

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## **SUPPLEMENTARY INFORMATION**

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**POINT ARENA SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<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, Basic Grants Low-Income and Neglected	84.010	14329	\$ 184,964
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	20,711
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	26,396
Title VIII, Impact Aid	84.041	10015	144,854
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	91,400
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	4,788
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	2,655
Subtotal Special Education Cluster			<u>98,843</u>
<b>Total U. S. Department of Education</b>			<u>495,768</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	66,993
National School Lunch Program	10.555	13391	182,982
USDA Commodities	10.555	*	12,031
Subtotal Child Nutrition Cluster			<u>262,006</u>
<b>Total U. S. Department of Agriculture</b>			<u>262,006</u>
<b>Total Federal Expenditures</b>			<u>\$ 757,774</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, 2025**

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	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	102.51	103.19
Extended Year Special Education	0.19	0.19
Total TK/K through Third	102.70	103.38
Fourth through Sixth		
Regular ADA	68.14	68.57
Extended Year Special Education	0.16	0.16
Total Fourth through Sixth	68.30	68.73
Seventh through Eighth		
Regular ADA	42.31	42.58
Extended Year Special Education	0.04	0.04
Total Seventh through Eighth	42.35	42.62
Ninth through Twelfth		
Regular ADA	122.24	121.05
Total Ninth through Twelfth	122.24	121.05
TOTAL SCHOOL DISTRICT	335.59	335.78

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2025**

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	58,155	255	58,410	180	179	1	180	Complied
Grade 1	50,400	50,955	255	51,210	180	179	1	180	Complied
Grade 2	50,400	50,955	255	51,210	180	179	1	180	Complied
Grade 3	50,400	50,955	255	51,210	180	179	1	180	Complied
Grade 4	54,000	59,135	255	59,390	180	179	1	180	Complied
Grade 5	54,000	59,130	260	59,390	180	179	1	180	Complied
Grade 6	54,000	59,170	260	59,430	180	179	1	180	Complied
Grade 7	54,000	59,170	260	59,430	180	179	1	180	Complied
Grade 8	64,800	64,809	281	65,090	180	179	1	180	Complied
Grade 9	64,800	64,809	281	65,090	180	179	1	180	Complied
Grade 10	64,800	64,809	281	65,090	180	179	1	180	Complied
Grade 11	64,800	64,809	281	65,090	180	179	1	180	Complied
Grade 12	64,800	64,809	281	65,090	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.

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<b>2026 (Budget)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 10,485,079	\$ 11,023,618	\$ 11,048,394	\$ 10,983,927
Expenditures And Other Financing Uses	10,731,827	11,005,541	11,088,993	10,151,245
Net change in Fund Balance	\$ (246,748)	\$ 18,077	\$ (40,599)	\$ 832,682
Ending Fund Balance	\$ 2,482,753	\$ 2,699,500	\$ 2,681,423	\$ 2,722,022
Available Reserves*	\$ 1,335,453	\$ 1,967,201	\$ 1,283,013	\$ 1,125,000
Available Reserves As A Percentage Of Outgo	12.44%	17.87%	11.57%	11.08%
Long-term Liabilities	\$ 10,543,165	\$ 10,592,773	\$ 11,190,757	\$ 10,835,667
Average Daily Attendance At P-2	336	336	325	316

The General Fund ending fund balance has decreased by \$22,522 over the past two years. The fiscal year 2025-26 budget projects a further decrease of \$246,748. 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 2025-26 fiscal year. Total long-term obligations have decreased by \$242,894 over the past two years.

Average daily attendance has increased by 20 ADA over the past two years. No change in ADA is anticipated during the 2025-26 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 Fund for Postemployment Benefits, 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, 2025**

June 30, 2025, annual financial and budget report fund balance  Adjustments and reclassifications: Increase (decrease) in total fund balances: Fund balance transfer (GASB 54) Fund balance transfer (GASB 84) Net adjustments and reclassifications June 30, 2025, audited financial statement fund balance										
	\$	2,699,500	\$	685,985	\$	301,869	\$	86,799	\$	49,015
		1,123,668		(685,985)		(301,869)		(86,799)		(49,015)
		1,123,668		(685,985)		(301,869)		(86,799)		(49,015)
	\$	3,823,168	\$	-	\$	-	\$	-	\$	-

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS  
 SCHEDULE OF CHARTER SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2025**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0192	Pacific Community Charter School	Active	No

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS  
COMBINING BALANCE SHEET  
JUNE 30, 2025**

	Student Activity Fund	Child Development Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 139,806	388 \$	330,020 \$	518,040 \$	984,851 \$	1,973,105
Accounts receivable	-	-	1,329	15,848	4,233	21,410
<b>Total Assets</b>	\$ 139,806	\$ 388	\$ 331,349	\$ 533,888	\$ 989,084	\$ 1,994,515
<b>LIABILITIES</b>						
Accrued liabilities	\$ -	388 \$	-	-	-	388
Due to other funds	-	-	30,000	-	20,000	50,000
<b>Total Liabilities</b>	-	388	30,000	-	20,000	50,388
<b>FUND BALANCES</b>						
Restricted	139,806	-	301,349	533,888	969,084	1,642,778
Assigned	-	-	-	-	-	301,349
<b>Total Fund Balances</b>	139,806	-	301,349	533,888	969,084	1,944,127
<b>Total Liabilities and Fund Balances</b>	\$ 139,806	\$ 388	\$ 331,349	\$ 533,888	\$ 989,084	\$ 1,994,515

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, 2025**

	Student Activity Fund	Child Development Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>REVENUES</b>						
Other local sources	97,517	221,480	6,292	142,006	22,351	489,646
<b>Total Revenues</b>	<b>97,517</b>	<b>221,480</b>	<b>6,292</b>	<b>142,006</b>	<b>22,351</b>	<b>489,646</b>
<b>EXPENDITURES</b>						
Current						
Instruction	-	218,506	-	-	-	218,506
Plant services	-	2,974	-	-	-	2,974
Facilities acquisition and construction	-	-	-	-	128,659	128,659
Ancillary services	101,002	-	-	-	-	101,002
<b>Total Expenditures</b>	<b>101,002</b>	<b>221,480</b>	<b>-</b>	<b>-</b>	<b>128,659</b>	<b>451,141</b>
Other Financing Sources (Uses)						
Transfers in	-	-	8,000	-	70,000	78,000
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>-</b>	<b>70,000</b>	<b>78,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,485)</b>	<b>-</b>	<b>14,292</b>	<b>142,006</b>	<b>(36,308)</b>	<b>116,505</b>
Fund Balance - Beginning	143,291	-	287,057	391,882	1,005,392	1,827,622
Fund Balance - Ending	139,806	\$ -	\$ 301,349	\$ 533,888	\$ 969,084	\$ 1,944,127

See accompanying notes to supplementary information.

**POINT ARENA SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**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 District has not elected to use the de minimis indirect cost rate of up to 15 percent.

**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.

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## **OTHER INFORMATION**

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**POINT ARENA SCHOOLS  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2025**

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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**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Sal Martinez	President	2026
Sigrid Hillscan	Clerk	2028
Paul Vincent Carter	Member	2026
Kirk Mobert	Member	2026
Victor Aparicio	Member	2026
Darrel Bechtol Jr.	Member	2028
Mike Dinning	Member	2026

**DISTRICT ADMINISTRATORS**

Warren Galletti  
*Superintendent*

Catherine Chin  
*Business Manager*

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

**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, 2025, 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 January 5, 2026.

**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*.

348 Olive Street  
San Diego, CA  
92103

O: 619-270-8222  
F: 619-260-9085  
[christywhite.com](http://christywhite.com)

**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  
January 5, 2026



Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

**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, 2025. 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, 2025.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 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.

348 Olive Street  
San Diego, CA  
92103

O: 619-270-8222  
F: 619-260-9085  
[christywhite.com](http://christywhite.com)

## ***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

January 5, 2026

**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 *2024-2025 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, 2025.

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, 2025.

***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 *2024-2025 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:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	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 or Programs	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)**

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
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
Kindergarten Continuance	Yes
<b>Charter Schools</b>	
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  
January 5, 2026

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**POINT ARENA SCHOOLS  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**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>	
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>	
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 750,000</u>
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 2024-25 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, 2025**

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**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, 2025.

**POINT ARENA SCHOOLS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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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, 2025.

**POINT ARENA SCHOOLS  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**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, 2025.

**POINT ARENA SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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