

AZUSA UNIFIED SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2024



**AZUSA UNIFIED SCHOOL DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Azusa Unified School District  
Azusa, 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 Azusa Unified School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, and required supplementary information on pages 66 through 78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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* (Uniform Guidance) and all other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of financial trends and analysis, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. 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 them.

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Harshmal & Company LLP***

San Diego, California  
December 19, 2024

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**INTRODUCTION**

This Management's Discussion and Analysis of Azusa Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for FY 2024 are as follows:

- At year-end, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$35,756,739, i.e., net position (deficit), an increase of \$23,094,622 in total net position over FY 2024.
- General revenues (property taxes and unrestricted revenue) accounted for \$123,027,768 or 62.91% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$72,536,448 or 37.09% of total revenues of \$195,564,216. Total expense was \$172,529,539.
- The District has two major funds - the General Fund and the Building Fund.
  - At the end of FY 2024, the fund balance of the General Fund, as required by GASB 54, was \$82,174,297. Of this total, \$4,458,707 was unassigned. The General Fund had \$159,045,311 in revenues and transfers in and \$148,116,199 in expenditures and transfers out, an increase in fund balance of \$10,929,112 from the prior year.
  - Building Fund revenues and expenditures can vary significantly from one year to the next for a variety of reasons. The ending fund balance for FY 2024 was \$31,967,376, which was \$1,083,215 less than the prior year.

**OVERVIEW OF FINANCIAL STATEMENTS**

**The Financial Statements**

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement, in regard to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and proprietary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

The *Proprietary Funds* reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is Azusa Unified School District.

## **REPORTING THE DISTRICT AS A WHOLE**

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

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

These two statements report the District's net position and changes in the year to year. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources which is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The relationship between revenues and expenses is the District's *operating results*. Since the District's Board of Education is responsible for providing services to students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position and the Statement of Activities* we present the District activities as follows:

**Governmental Activities** - The District reports all of its services in this category. This includes the education of TK to grade twelve students and adult education students, the operation of child development activities, and the ongoing effort to improve and maintain buildings and sites. These activities are paid for by a mix of Federal, State, and Local funds, including property taxes, user fees, interest income, and general obligation bonds.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by the State law and bond covenants. However, management may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.



**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statements.

**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position (deficit) was \$(35,756,739) for the fiscal year ended June 30, 2024, an increase in net position from the prior year by \$23,094,622. Of this amount, \$(26,127,216) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the governing board's ability to use those net positions for day-to-day operations. The analysis, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**Table 1: Statement of Net Position**

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Net Change	
<b>Assets:</b>				
Current and other assets	\$ 191,466,531	\$ 204,205,536	\$ (12,739,005)	(6.24)%
Capital assets and right to use assets	100,468,425	96,138,749	4,329,676	4.50 %
<b>Total assets</b>	<b>291,934,956</b>	<b>300,344,285</b>	<b>(8,409,329)</b>	<b>(2.80)%</b>
<b>Deferred outflows of resources</b>	<b>40,548,125</b>	<b>30,441,459</b>	<b>10,106,666</b>	<b>33.20 %</b>
<b>Liabilities:</b>				
Current liabilities	35,589,177	59,380,029	(23,790,852)	(40.07)%
Long-term liabilities	316,772,797	309,557,697	7,215,100	2.33 %
<b>Total liabilities</b>	<b>352,361,974</b>	<b>368,937,726</b>	<b>(16,575,752)</b>	<b>(4.49)%</b>
<b>Deferred inflows of resources</b>	<b>15,877,846</b>	<b>20,699,379</b>	<b>(4,821,533)</b>	<b>(23.29)%</b>
<b>Net position:</b>				
Net investment in capital assets	(89,678,239)	(89,794,541)	116,302	0.13 %
Restricted	80,048,716	74,023,901	6,024,815	8.14 %
Unrestricted	(26,127,216)	(43,080,721)	16,953,505	(39.35)%
<b>Total net position</b>	<b>\$ (35,756,739)</b>	<b>\$ (58,851,361)</b>	<b>\$ 23,094,622</b>	<b>39.24 %</b>

In comparing FY 2024 to the prior year, we noted the following:

- Current and other assets decreased by \$12,739,005.
- Capital assets and right to use lease assets increased by \$4,329,676 due to the addition in capital assets.
- Long-term liabilities increased by \$7,215,100, primarily due to an increase in net pension liabilities of the District. Under GASB 75, the OPEB liabilities in FY 2024 decreased by \$1,417,469. For more information, see Note - 9 and Note - 10 Long-Term Obligations in the "Notes to Basic Financial Statements" section.
- Under GASB 68, the net pension liabilities recorded in FY 2024 increased by \$10,566,409. For more information on pension, see Note - 13 Employee Retirement Systems in the "Notes to Basic Financial Statements" section.
- Current liabilities in FY 2024 decreased by \$23,790,852.
- Of our total net position, net investment in capital assets increased by \$116,302. The restricted net position increased by \$6,024,815. The unrestricted net position increased by \$16,953,505.

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement and rearranges it slightly so the reader can see the total revenues for the year.

**Table 2: Changes in Net Position**

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Change	
<b>REVENUES:</b>				
Program revenues:				
Charges for services	\$ 7,731,727	\$ 5,348,741	\$ 2,382,986	44.55 %
Operating grants and contributions	59,061,518	85,900,291	(26,838,773)	(31.24)%
Capital grants and contributions	5,743,203	3,239,565	2,503,638	77.28 %
General revenues:				
Property taxes	34,284,328	33,064,818	1,219,510	3.69 %
Unrestricted federal and state aid	83,409,648	82,844,561	565,087	0.68 %
Other general revenue	5,333,792	1,529,280	3,804,512	248.78 %
Total revenues	<u>195,564,216</u>	<u>211,927,256</u>	<u>(16,363,040)</u>	<u>(7.72)%</u>
<b>EXPENSES:</b>				
Instruction - related services	108,995,524	105,498,411	3,497,113	3.31 %
Pupil services	15,809,412	14,609,951	1,199,461	8.21 %
General administration	9,130,752	8,580,526	550,226	6.41 %
Plant services and facilities acquisition and maintenance	22,500,737	22,443,609	57,128	0.25 %
Ancillary and community services	1,156,664	928,879	227,785	24.52 %
Debt service	9,833,785	9,400,980	432,805	4.60 %
Other outgo	1,094,489	1,359,253	(264,764)	(19.48)%
Enterprise activities	4,008,176	3,681,818	326,358	8.86 %
Total expenses	<u>172,529,539</u>	<u>166,503,427</u>	<u>6,026,112</u>	<u>3.62 %</u>
Change in net position	<u>23,034,677</u>	<u>45,423,829</u>	<u>(22,389,152)</u>	<u>(49.29)%</u>
Net position beginning of the year	(58,851,361)	(104,433,705)	45,582,344	43.65 %
Prior period adjustments	59,945	158,515	(98,570)	(62.18)%
Net position beginning of the year, as <i>restated</i>	<u>(58,791,416)</u>	<u>(104,275,190)</u>	<u>45,483,774</u>	<u>43.62 %</u>
Net position end of the year	<u>\$ (35,756,739)</u>	<u>\$ (58,851,361)</u>	<u>\$ 23,094,622</u>	<u>39.24 %</u>

The most significant changes resulted in the following:

- Property tax collections were higher due to an increase in property assessed valuations.
- Other general revenues increased as a result of an increase in interest and investment earnings.
- Expenses on instruction and instruction related services increase in FY 2024.
- Expenses on plant services decrease in FY 2024.

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**Governmental Activities**

As reported in the *Statement of Activities* on Page 16, the net cost of all governmental activities this year was \$99,993,091. However, the amount that taxpayers ultimately financed for these activities through local taxes was \$34,284,328 because the cost was paid by those who benefited from the programs \$7,731,727 or by other governments and organizations who subsidized certain programs with grants and contributions of \$64,804,721. We paid for the remaining "public benefit" portion of our governmental activities with \$88,743,440 in general revenue and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3: Net Cost of Services**

	Net Cost of Services			
	June 30, 2024	June 30, 2023	Change	Percentage Change
Instruction	\$ 51,240,745	\$ 33,917,899	\$ 17,322,846	51.07 %
Instruction-related services	12,112,837	(641,337)	12,754,174	(1,988.69)%
Pupil services	6,648,366	5,350,117	1,298,249	24.27 %
General administration	7,716,253	6,626,321	1,089,932	16.45 %
Plant services and facilities acquisition and maintenance	12,974,070	18,245,797	(5,271,727)	(28.89)%
Ancillary and community services	767,543	371,351	396,192	106.69 %
Debt service	9,833,785	9,400,980	432,805	4.60 %
Transfers to other agencies	1,006,071	390,595	615,476	157.57 %
Enterprise activities	<u>(2,306,579)</u>	<u>(1,646,893)</u>	<u>(659,686)</u>	<u>40.06 %</u>
<b>Total</b>	<b><u>\$ 99,993,091</u></b>	<b><u>\$ 72,014,830</u></b>	<b><u>\$ 27,978,261</u></b>	<b><u>38.85 %</u></b>

The expense categories shown in Table 3 are summarized below.

“Instruction” expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

“Instruction-related services” and “Pupil services” include the activities involved with assisting staff with the content and process of teaching to pupils, as well as direct non-instructional services to students (including health, library, transportation, and other services).

“General administration” costs include expenses associated with the administrative and financial supervision of the District.

“Plant services” involve keeping the school grounds, buildings, and equipment in good working condition.

“Other” includes expenses associated with the ancillary services, community services, enterprise services, and other outgo. Reflects the cost of in-district students attending charter schools outside the District.

“Interest and fiscal charges” involve the transactions associated with the payment of interest and other charges related to the debt of the District.

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**The District's Funds**

As the District completed this year, governmental funds reported a combined fund balance of \$144,476,817, which is an increase of \$9,035,437 from last year (Table 4).

**Table 4: District's Fund**

Governmental Fund	July 01, 2023, restated	Balances and Activity				June 30, 2024	Change	Percentage Change
		Revenue	Expenditure	Other Financing Sources/(Uses)				
<b>Major Fund</b>								
General Fund	\$ 71,245,185	\$ 159,045,311	\$ 148,116,199	\$ -	\$ 82,174,297	\$ 10,929,112	15.34 %	
Building Fund	33,050,591	1,780,992	2,864,207	-	31,967,376	(1,083,215)	(3.28)%	
<b>Total Major Fund</b>	<b>104,295,776</b>	<b>160,826,303</b>	<b>150,980,406</b>	<b>-</b>	<b>114,141,673</b>	<b>9,845,897</b>	<b>9.44 %</b>	
<b>Nonmajor Fund</b>								
Student Activity Fund	341,464	364,595	397,780	-	308,279	(33,185)	(9.72)%	
Adult Education Fund	800,183	1,891,673	1,732,355	-	959,501	159,318	19.91 %	
Child Development Fund	63,743	2,432,224	1,479,990	-	1,015,977	952,234	1,493.86 %	
Cafeteria Fund	4,663,706	7,613,892	6,329,731	-	5,947,867	1,284,161	27.54 %	
Capital Facilities Fund	1,651,562	257,358	326,373	-	1,582,547	(69,015)	(4.18)%	
State School Building Lease - Purchase Fund	178	9	-	-	187	9	5.06 %	
County School Facilities Fund	4,635,254	5,982,879	4,793,239	-	5,824,894	1,189,640	25.67 %	
Special Reserve Fund for Capital Outlay Projects	10,413,905	625,705	4,383,121	-	6,656,489	(3,757,416)	(36.08)%	
Bond Interest and Redemption	8,575,609	9,254,823	9,791,029	-	8,039,403	(536,206)	(6.25)%	
<b>Total Nonmajor Fund</b>	<b>31,145,604</b>	<b>28,423,158</b>	<b>29,233,618</b>	<b>-</b>	<b>30,335,144</b>	<b>(810,460)</b>	<b>(2.60)%</b>	
<b>Total</b>	<b>\$ 135,441,380</b>	<b>\$ 189,249,461</b>	<b>\$ 180,214,024</b>	<b>\$ -</b>	<b>\$ 144,476,817</b>	<b>\$ 9,035,437</b>	<b>6.67 %</b>	

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

The primary reasons for these increases/decreases are:

- The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by \$10,929,112. This can be attributed to effective and proactive general budget management and oversight and an increase in restricted program reserves.
- The Building Fund balance decreased by \$1,083,215.
- The Nonmajor Governmental Fund balance decreased by \$810,460.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the annual report on page 66.)

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Total revenues	\$166,435,355	\$169,753,827	\$159,045,311	\$(10,708,516)
Total expenditures	<u>168,198,798</u>	<u>178,291,027</u>	<u>148,116,199</u>	<u>(30,174,828)</u>
Excess/(deficiency) of revenues over/(under) expenditures	(1,763,443)	(8,537,200)	10,929,112	19,466,312
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,763,443)</u>	<u>\$ (8,537,200)</u>	<u>\$ 10,929,112</u>	<u>\$ 19,466,312</u>

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

On June 30, 2024, the District had \$100,468,425 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, equipment, and lease assets. This amount represents a net increase (including additions, amortization, and depreciation) of \$4,329,676 from last year (Table 5).

**Table 5: Capital Assets**

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Net Change	
<b>CAPITAL ASSETS</b>				
Land and construction in progress	\$ 3,116,150	\$ 3,116,150	\$ -	- %
Land improvements	44,002,639	44,002,639	-	- %
Buildings & improvements	171,806,088	167,137,403	4,668,685	2.79 %
Furniture & equipment	26,237,391	16,937,711	9,299,680	54.91 %
Less : Accumulated depreciation	(148,799,963)	(139,431,994)	(9,367,969)	6.72 %
Right to use lease assets	4,625,000	4,625,000	-	- %
Less: Accumulated amortization	(518,880)	(248,160)	(270,720)	109.09 %
<b>Total Capital assets</b>	<b>\$ 100,468,425</b>	<b>\$ 96,138,749</b>	<b>\$ 4,329,676</b>	<b>4.50 %</b>

**Long-Term Liabilities**

On the end of this year, the District had \$316,772,797 in long-term obligations outstanding versus \$309,557,697 last year, a decrease of \$7,215,100. Long-term obligations consisted of:

**Table 6: Outstanding Long-Term Debt**

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Change	
<b>LONG-TERM LIABILITIES</b>				
General obligation bonds	\$ 190,146,664	\$ 189,887,091	\$ 259,573	0.14 %
Unamortized premiums/(discounts)	4,604,255	5,067,530	(463,275)	(9.14)%
Supplemental early retirement plan	-	591,853	(591,853)	(100.00)%
Compensated absences	127,093	643,455	(516,362)	(80.25)%
Claims liability	2,216,519	2,632,442	(415,923)	(15.80)%
OPEB liability	16,135,367	17,552,836	(1,417,469)	(8.08)%
Lease liability	4,083,000	4,289,000	(206,000)	(4.80)%
Pension liability	99,459,899	88,893,490	10,566,409	11.89 %
<b>Total long-term liabilities</b>	<b>\$ 316,772,797</b>	<b>\$ 309,557,697</b>	<b>\$ 7,215,100</b>	<b>2.33 %</b>

**AZUSA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024**

The District's general obligation bond rating continues to be AA- as rated by S&P Global Ratings, previously known as Standard and Poor's. The State of California limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below this statutorily-imposed limit.

Other liabilities include supplemental early retirement plans, compensated absences payable, claims liabilities, pension liability, and net other postemployment benefits (OPEB) liability. Detailed information regarding long-term liabilities is presented in Note 8 of the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the District Budget for the 2024-25 year, the Board of Education and management used the following assumption:

- The District utilized the Local Control Funding Formula (LCFF) when developing the budget.
- LCFF funding for the year 2024-2025 is based on the following Grade Spans:

<u>Grade Span</u>	<u>2024-2025 Base Grant Per ADA</u>
TK	\$9,994
K3	\$9,994
4-6	\$10,146
7-8	\$10,446
9-12	\$12,106

- The District's projected an unduplicated pupil count of 5,638 or 89.22 percent.
- The budget was built with the following FTE (full-time equivalent) allocations:
  - 408 (Certificated Staff)
  - 297 (Classified Staff)
  - 69 (Management/Supervisors/Confidential Staff)
- The fiscal year 2024-2025 includes Step and Column increases for Certificated, Classified, and Management.
- Increase in CalSTRS, CalPERS, and Health and Welfare rates.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, students, 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:

Latasha D. Jamal, Assistant Superintendent, Business Services  
Azusa Unified School District  
546 South Citrus Avenue  
Azusa, California, 91702  
e-mail at [ljamal@azusa.org](mailto:ljamal@azusa.org)



## **BASIC FINANCIAL STATEMENTS**

# GOVERNMENT - WIDE FINANCIAL STATEMENTS

**AZUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 163,306,608
Accounts receivable	2,149,781
Other current assets	321,444
Stores inventory	66,700
Due from grantor government	<u>25,621,998</u>
Total current assets	<u>191,466,531</u>
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	3,116,150
Capital assets, net of accumulated depreciation	93,246,155
Right to use assets, net of accumulated amortization	<u>4,106,120</u>
Total noncurrent assets	<u>100,468,425</u>
Total assets	<u>291,934,956</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension	38,600,214
Related to OPEB	622,531
Deferred amount on refunding	<u>1,325,380</u>
Total deferred outflows of resources	<u>40,548,125</u>
Total assets and deferred outflows of resources	<u>332,483,081</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	15,945,221
Interest payable	1,914,721
Due to grantor government	3,335,495
Unearned revenue	14,393,740
Claims liability	101,158
Long-term liabilities, other than OPEB and pension	<u>5,783,093</u>
Total current liabilities	<u>41,473,428</u>
Noncurrent liabilities:	
Claims liability, noncurrent portion	2,115,361
Long-term liabilities, other than OPEB and pensions, noncurrent portion	193,177,919
Net other postemployment benefits liability (OPEB)	16,135,367
Net pension liability	<u>99,459,899</u>
Total Noncurrent liabilities	<u>310,888,546</u>
Total liabilities	<u>352,361,974</u>

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

**DEFERRED INFLOWS OF RESOURCES**

Related to pension	11,090,449
Related to OPEB	<u>4,787,397</u>
Total deferred inflows of resources	<u>15,877,846</u>
Total liabilities and deferred inflows of resources	<u>368,239,820</u>

**NET POSITION**

Net investment in capital assets	(89,678,239)
Restricted for:	
Capital projects	11,053,115
Legally restricted programs	50,147,741
Student activity	308,279
Educational programs	518,538
Child development	942,483
Child nutrition services	5,946,844
Self-insurance	11,098,739
Deferred maintenance	32,977
Unrestricted	<u>(26,127,216)</u>
Total net position	<u>(35,756,739)</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 332,483,081</u></u>

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

**AZUSA UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

Function/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 92,027,943	\$ 1,009,351	\$34,034,644	\$ 5,743,203	\$ (51,240,745)
Instruction-related services					
Instructional supervision and administration	7,215,587	44,210	2,919,868	-	(4,251,509)
Instructional library, media, and technology	2,306,300	-	114,252	-	(2,192,048)
School site administration	7,445,694	-	1,776,414	-	(5,669,280)
Pupil services					
Home-to-school transportation	1,418,629	-	-	-	(1,418,629)
Food services	7,022,053	79	7,525,042	-	503,068
All other pupil services	7,368,730	164,237	1,471,688	-	(5,732,805)
General administration					
Centralized data processing	995,242	-	-	-	(995,242)
All other general administration	8,135,510	-	1,414,499	-	(6,721,011)
Plant services	2,826,464	6,522	676,250	-	(2,143,692)
Facilities acquisition and maintenance	19,674,273	187,337	8,656,558	-	(10,830,378)
Ancillary services	1,156,664	-	389,121	-	(767,543)
Interest on long-term debt	9,833,785	-	-	-	(9,833,785)
Other outgo	1,094,489	5,236	83,182	-	(1,006,071)
Enterprise activities	4,008,176	6,314,755	-	-	2,306,579
<b>Total governmental activities</b>	<b>\$ 172,529,539</b>	<b>\$ 7,731,727</b>	<b>\$59,061,518</b>	<b>\$ 5,743,203</b>	<b>(99,993,091)</b>
<b>General revenues:</b>					
Taxes and subventions:					
Property taxes, levied for general purposes					23,768,773
Property taxes, levied for debt service					9,060,808
Property taxes, levied for other specific purposes					1,454,747
Federal and state aid not restricted for specific purposes					83,409,648
Investment income, net					5,434,694
Intra-agency revenue					(643,342)
Miscellaneous					542,440
<b>Total general revenues</b>					<b>123,027,768</b>
Change in net position					<b>23,034,677</b>
Net position - beginning of year					(58,851,361)
<i>Restatement</i>					59,945
Net position - beginning of year, <i>restated</i>					(58,791,416)
Net position - end of year					<b>\$ (35,756,739)</b>

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

## FUND FINANCIAL STATEMENTS

**AZUSA UNIFIED SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 86,099,609	\$ 31,608,605	\$ 30,783,279	\$ 148,491,493
Accounts receivable	1,393,139	360,105	263,923	2,017,167
Due from grantor government	24,037,407	-	1,584,591	25,621,998
Other current assets	321,444	-	-	321,444
Stores inventory	-	-	66,700	66,700
	<u>111,851,599</u>	<u>31,968,710</u>	<u>32,698,493</u>	<u>176,518,802</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	13,687,776	1,334	623,640	14,312,750
Due to grantor government	1,603,650	-	1,731,845	3,335,495
Unearned revenue	14,385,876	-	7,864	14,393,740
	<u>29,677,302</u>	<u>1,334</u>	<u>2,363,349</u>	<u>32,041,985</u>
<b>FUND BALANCES</b>				
Nonspendable	25,000	-	66,700	91,700
Restricted	50,180,718	3,948,917	14,820,342	68,949,977
Committed	23,387,824	-	-	23,387,824
Assigned	4,122,048	28,018,459	15,513,779	47,654,286
Unassigned	4,458,707	-	(65,677)	4,393,030
	<u>82,174,297</u>	<u>31,967,376</u>	<u>30,335,144</u>	<u>144,476,817</u>
Total fund balances	<u>82,174,297</u>	<u>31,967,376</u>	<u>30,335,144</u>	<u>144,476,817</u>
Total liabilities and fund balances	<u>\$ 111,851,599</u>	<u>\$ 31,968,710</u>	<u>\$ 32,698,493</u>	<u>\$ 176,518,802</u>

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

Total fund balances - governmental funds		\$ 144,476,817
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not short-term financial resources and, therefore are not reported as assets in governmental funds.		
Cost of capital assets	245,162,268	
Less: accumulated depreciation	<u>(148,799,963)</u>	96,362,305
Right to use leased assets	4,625,000	
Less: accumulated amortization	<u>(518,880)</u>	4,106,120
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:		
		(1,914,721)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds	(190,146,664)	
Premium on bond issuance	(4,604,255)	
Compensated absences (vacations)	(127,093)	
Lease payable	<u>(4,083,000)</u>	(198,961,012)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	1,325,380	
Related to Pension	38,600,214	
Related to OPEB	<u>622,531</u>	40,548,125
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Related to Pension	(11,090,449)	
Related to OPEB	<u>(4,787,397)</u>	(15,877,846)

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



**AZUSA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

Internal service funds:

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

Net position for internal service funds is:	11,098,739
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(99,459,899)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	<u>(16,135,367)</u>
Total net position - governmental activities	<u><u>\$ (35,756,739)</u></u>

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
LCFF sources	\$ 105,540,916	\$ -	\$ -	\$ 105,540,916
Federal sources	23,127,246	-	5,415,218	28,542,464
Other state sources	19,411,366	-	11,839,095	31,250,461
Other local sources	10,965,783	1,780,992	11,168,845	23,915,620
Total revenues	<u>159,045,311</u>	<u>1,780,992</u>	<u>28,423,158</u>	<u>189,249,461</u>
<b>EXPENDITURES</b>				
Current				
Instruction	89,766,177	-	1,822,809	91,588,986
Instruction-related services				
Instructional supervision and administration	7,002,283	-	213,304	7,215,587
Instructional library, media, and technology	1,727,968	-	-	1,727,968
School site administration	6,697,306	-	748,388	7,445,694
Pupil services				
Home-to-school transportation	1,225,850	-	-	1,225,850
Food services	828,868	-	6,193,185	7,022,053
All other pupil services	7,025,959	-	149,992	7,175,951
General administration				
Centralized data processing	899,047	-	-	899,047
All other general administration	7,341,171	-	312,393	7,653,564
Plant services	15,805,774	12,943	397,779	16,216,496
Ancillary services	758,884	-	397,780	1,156,664
Facilities acquisition and maintenance	7,942,423	2,851,264	8,880,586	19,674,273
Other outgo	1,094,489	-	-	1,094,489
Debt service:				
Principal	-	-	5,022,646	5,022,646
Interest	-	-	5,094,756	5,094,756
Total expenditures	<u>148,116,199</u>	<u>2,864,207</u>	<u>29,233,618</u>	<u>180,214,024</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>10,929,112</u>	<u>(1,083,215)</u>	<u>(810,460)</u>	<u>9,035,437</u>
Net change in fund balance	<u>10,929,112</u>	<u>(1,083,215)</u>	<u>(810,460)</u>	<u>9,035,437</u>
Fund balances - beginning of year	71,245,185	33,050,591	31,085,659	135,381,435
<i>Restatement</i>	<u>-</u>	<u>-</u>	<u>59,945</u>	<u>59,945</u>
Fund balances - beginning of year, <i>restated</i>	<u>71,245,185</u>	<u>33,050,591</u>	<u>31,145,604</u>	<u>135,441,380</u>
Fund balances - end of year	<u>\$ 82,174,297</u>	<u>\$ 31,967,376</u>	<u>\$ 30,335,144</u>	<u>\$ 144,476,817</u>

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Total net change in fund balances - governmental funds \$ 9,035,437

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	13,968,365	
Depreciation expense	(9,367,969)	
Amortization expense	<u>(270,720)</u>	4,329,676

Debt service:

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

General obligation bonds		5,145,000
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Lease proceeds:

In governmental funds, proceeds from lease payable provide current financial resources, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items were:

Lease liability payment	<u>206,000</u>	206,000
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Unmatured interest on long-term debt:

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

65,809

Accreted interest on long-term debt:

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

(5,404,573)

**AZUSA UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

OPEB:

In governmental funds, Other postemployment are recorded in the governmental funds to the extent of amounts actually funded. In the statement of activities, however, the expenses are recorded for the full amount of the accrual - basis annual OPEB cost was: 949,320

Compensated absences and early retirement incentives:

In governmental funds, compensated absences and supplemental early retirement plan are measured by the amounts paid during the period. In the statement of activities, compensated absences and supplemental early retirement plan are measured by the amount earned. The difference between compensated absences and supplemental early retirement plan paid and compensated absences and supplemental early retirement plan earned, was: 1,108,215

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: 5,021,833

Amortization:

In governmental funds report the effect of premiums, issuance costs, and the deferred charges on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities:

Premium amortization	463,275
Amortization of deferred charges on refunding	(191,894)

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: 2,306,579

Changes in net position - governmental activities \$ 23,034,677

**AZUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2024**

	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 14,815,115
Accounts receivable	<u>132,614</u>
Total assets	<u>14,947,729</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	1,632,471
Claims liabilities on unpaid claims and ULAE	<u>101,158</u>
Total current liabilities	<u>1,733,629</u>
Noncurrent liabilities	
Liabilities on unpaid claims and ULAE, net of current portion	<u>2,115,361</u>
Total noncurrent liabilities	<u>2,115,361</u>
Total liabilities	<u>3,848,990</u>
<b>NET POSITION</b>	
Restricted	<u>11,098,739</u>
Total net position	<u>11,098,739</u>
Total liabilities and net position	<u>\$ 14,947,729</u>

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

**AZUSA UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 5,898,832
Credit for estimated unpaid claims	386,905
Credit for unallocated loss adjustment expenses	<u>29,018</u>
Total operating revenues	<u>6,314,755</u>
<b>OPERATING EXPENSES</b>	
Professional services and contracts	894,774
Insurance premiums	<u>3,113,402</u>
Total operating expenses	<u>4,008,176</u>
Operating income/(loss)	<u>2,306,579</u>
Change in net position	2,306,579
Net position - beginning of year	<u>8,792,160</u>
Net position - end of year	<u><u>\$ 11,098,739</u></u>

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

**AZUSA UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	Internal Service Fund
<b>Cash flows from operating activities:</b>	
Cash receipts from interfund services provided	\$ 6,314,755
Cash payments from claims and claims administration	(17,317)
Cash payment to other supplier for goods and services	(897,911)
Cash payments for insurance premium	(3,113,402)
Net cash provided by (used in) operating activities	2,286,125
Change in cash and cash equivalent	2,286,125
Cash and cash equivalent - beginning of year	12,528,990
Cash and cash equivalent - end of year	\$ 14,815,115
 <b>Reconciliation of operating income (loss) to cash provided by (used in) operating activities:</b>	
Operating income/(loss)	\$ 2,306,579
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(17,317)
Prepaid expenses	-
Accounts payable	(3,137)
Unpaid claims and ULAE liabilities	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,286,125</b>

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

Azusa Unified School District (the "District") was organized in 1961 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades Kindergarten - 12 as mandated by the State and/or Federal agencies. The District operates eleven elementary schools, three middle schools, two high schools, and two alternative education schools.

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

**Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the approves their budget, the issuance of their debt or the levying of their taxes. In addition, Component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component units*, and thus is included in the financial statements of the District. The Component units, although a legally separate entity, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Azusa Unified School District Facilities Corporation's (the "Corporation") financial activity is presented in the financial statements in the Building Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

**Basis of Presentation - Fund Accounting**

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

**Governmental Funds**

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



**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Basis of Presentation - Fund Accounting - Cont'd**

**Major Governmental Funds**

**General Fund** The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of \$10,929,112.

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

**Nonmajor Governmental Funds**

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or assigned for adult education programs and are to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Basis of Presentation - Fund Accounting - Cont'd**

- o **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- o **State School Building Lease-Purchase Fund** The State School Building Lease Purchase Fund is used primarily to account separately for State apportionments for the reconstruction, remodeling, or replacement of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (*Education Code* Section 17000 et seq.).
- o **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionment from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facilities construction, modernization projects, and facilities hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- o **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects is used to account for funds set aside for Board designated construction projects.

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

- o **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).
- o **Tax Override Fund** The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

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

**Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates dental care and workers' compensation self-insurance programs that are accounted for in the internal service fund. In addition, the District accounts for their property and liability premium payments in an internal service fund.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***Basis of Accounting - Measurement Focus***

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

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

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

The net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

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

**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***Basis of Accounting - Measurement Focus - Cont'd***

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized. Certain grants received before the eligibility requirements are met 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 they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

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

**Investments**

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd**

**Prepaid Expenditures (Expenses)**

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

**Stores Inventories**

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

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

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

**Interfund Balances**

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

**Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. 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 reported in the fund from which the employees who have accumulated leave are paid.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd***

**Compensated Absences - Cont'd**

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

**Accrued Liabilities and Long-Term Liabilities**

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

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

**Debt Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

**Deferred Outflows/Inflows of Resources**

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

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd**

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and MPP. For this purpose, the District Plan and MPP recognize benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**Leases**

**Lessee**

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd***

Lessor

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- o The District uses its estimated incremental borrowing rate as the discount rate for leases.
- o The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Fund Balances - Governmental Funds**

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

- **Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other actions as approved by the governing board.
- **Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.
- **Unassigned** - all other spendable amounts.

**Spending Order Policy**

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



**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd**

**Minimum Fund Balance Policy**

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The government-wide financial statements report \$80,048,716, of net position which is restricted by enabling legislation.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charged to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Estimates**

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

**Property Tax**

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***New Accounting Pronouncements***

The District adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2024:

**Statement No. 100, *Accounting Changes and Error Corrections***

As of July 1, 2023, the District adopted GASB Statement No. 100, Accounting Changes and Error Corrections. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to presentation requirements related to the accounting change in the financial statements for the year ended June 30, 2024. Additional disclosures required by this standard are included in Note 15.

***Future Accounting Pronouncements***

The GASB has issued several new accounting pronouncements, which will be effective for the District in subsequent years. The following GASB pronouncements have been issued, but are not yet effective as of June 30, 2024:

**Statement No. 101, *Compensated Absences***

In June of 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 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**Statement No. 102, *Certain Risk Disclosures***

In December of 2023, GASB issued Statement No. 102, Certain Risk Disclosure. The objective of this Statement is to establish financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints that limit the District's ability to acquire resources or to control spending. Concentrations are a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed by an external party or by formal action of a government's highest level of decision-making authority. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting period thereafter. Earlier application is encouraged.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***Future Accounting Pronouncements - Cont'd***

**Statement No. 103, *Financial Reporting Model Improvements***

On May 28, 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103 or Statement). GASB 103 addresses improvements to key components of the financial reporting model, the purposes of which are to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and addressing certain application issues identified through pre-agenda research conducted by the GASB. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025.

The District will analyze the impact of these new Statements prior to the effective dates listed above. The provisions of these Statements are generally required to be applied retroactively for all periods presented. Early application, if allowable, was not adopted.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 - DEPOSIT AND INVESTMENT**

**Summary of Deposits and Investments**

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

Governmental funds	\$ 148,491,493
Proprietary funds	<u>14,815,115</u>
Total deposits and investments	<u><u>\$ 163,306,608</u></u>

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

Cash on hand and in banks	\$ 319,658
Cash with fiscal agent	250,000
Cash in revolving	25,000
Investments	<u>162,711,950</u>
Total deposits and investments	<u><u>\$ 163,306,608</u></u>

Deposits and investments include negative cash in county balances that are classified as overdrafts in the financial statements.

**Policies and Practices**

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

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

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 - DEPOSIT AND INVESTMENT - CONT'D**

**General Authorizations**

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

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 2 - DEPOSIT AND INVESTMENT - CONT'D**

**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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County pool and money market funds.

The District maintains an investment of \$162,711,950, with the Los Angeles County Investment Pool. This investment has an average weighted maturity of 668 days.

**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 District's investments in the Los Angeles County Investment Pool and money market funds are not required to be rated, nor have they been rated as of June 30, 2024.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. 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. On June 30, 2024, the District's bank balance of \$447,558 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

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

Level 1 inputs - quoted prices in active markets for identical assets.

Level 2 inputs - quoted prices in active or inactive for the same or similar assets.

Level 3 inputs - estimates using the best information available when there is little or no market.

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 4 - RECEIVABLES**

Receivables on June 30, 2024, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total Governmental Activities</u>
State Government:					
Categorical aid	\$ 1,536	\$ -	\$ -	\$ -	\$ 1,536
Local Government:					
Other local sources	<u>1,391,603</u>	<u>360,105</u>	<u>263,923</u>	<u>132,614</u>	<u>2,148,245</u>
Total accounts receivable	<u>\$ 1,393,139</u>	<u>\$ 360,105</u>	<u>\$ 263,923</u>	<u>\$ 132,614</u>	<u>\$ 2,149,781</u>

**NOTE 5 - CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:			
Land	\$ 1,491,489	\$ -	\$ 1,491,489
Construction in progress	<u>1,624,661</u>	<u>-</u>	<u>1,624,661</u>
Total capital assets not being depreciated	<u>3,116,150</u>	<u>-</u>	<u>3,116,150</u>
Capital assets being depreciated			
Land improvements	44,002,639	-	44,002,639
Buildings and improvements	167,137,403	4,668,685	171,806,088
Furniture and equipment	<u>16,937,711</u>	<u>9,299,680</u>	<u>26,237,391</u>
Total capital assets, being depreciated	<u>228,077,753</u>	<u>13,968,365</u>	<u>242,046,118</u>
Total capital assets	<u>231,193,903</u>	<u>13,968,365</u>	<u>245,162,268</u>
Less: Accumulated depreciation			
Land improvements	(11,287,366)	(2,057,421)	(13,344,787)
Buildings and improvements	(119,013,176)	(5,726,743)	(124,739,919)
Furniture and equipment	<u>(9,131,452)</u>	<u>(1,583,805)</u>	<u>(10,715,257)</u>
Total accumulated depreciation	<u>(139,431,994)</u>	<u>(9,367,969)</u>	<u>(148,799,963)</u>
Governmental activities capital assets, net	<u>91,761,909</u>	<u>4,600,396</u>	<u>96,362,305</u>

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 5 - CAPITAL ASSETS - CONT'D**

<u>Governmental Activities</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Balance June 30, 2024</u>
Right-to-use leased assets, being amortized:			
Leased assets	4,625,000	-	4,625,000
Total right-to-use leased assets, being amortized	4,625,000	-	4,625,000
Less: accumulated amortization	(248,160)	(270,720)	(518,880)
Total right-to-use leased assets, net	4,376,840	(270,720)	4,106,120
Governmental activities capital assets and right-to-use leased assets, net	<u>\$ 96,138,749</u>	<u>\$ 4,329,676</u>	<u>\$ 100,468,425</u>

Depreciation and amortization expense was charged as a direct expense to the governmental functions as follows:

Governmental Activities	
Instruction	\$ 7,518,325
Instructional library, media, and technology	578,332
Home-to-school transportation	192,779
All other pupil services	192,779
Data processing	96,195
All other administration	481,946
Plant services	578,333
Total depreciation and amortization expenses governmental activities	<u>\$ 9,638,689</u>

**NOTE 6 - INTERFUND TRANSACTION**

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

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

Interfund receivables and payables as on June 30, 2024, between major and nonmajor governmental funds are \$0.



**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable on June 30, 2024, consisted of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total Governmental Activities</u>
Vendor payables	\$ 13,687,776	\$ -	\$ 623,640	\$ 1,632,471	\$ 15,943,887
Construction	-	1,334	-	-	1,334
Total accounts payable	<u>\$ 13,687,776</u>	<u>\$ 1,334</u>	<u>\$ 623,640</u>	<u>\$ 1,632,471</u>	<u>\$ 15,945,221</u>

**NOTE 8 - UNEARNED REVENUE**

Unearned revenue on June 30, 2024, consists of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Federal financial assistance	\$ 10,633,453	\$ 6,862	\$ 10,640,315
State categorical aid	3,752,423	-	3,752,423
Other local	-	1,002	1,002
Total unearned revenue	<u>\$ 14,385,876</u>	<u>\$ 7,864</u>	<u>\$ 14,393,740</u>

**NOTE 9 - LONG-TERM LIABILITIES**

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

<u>Long-Term Liabilities</u>	<u>Balance July 01, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due In One Year</u>
General obligation bonds	\$ 189,887,091	\$ 5,404,573	\$ 5,145,000	\$ 190,146,664	\$ 5,445,000
Premium on bond issuance	5,067,530	-	463,275	4,604,255	-
Supplemental early retirement plan	591,853	-	591,853	-	-
Compensated absences	643,455	-	516,362	127,093	127,093
Claims liability	2,632,442	-	415,923	2,216,519	101,158
Lease payable	4,289,000	-	206,000	4,083,000	211,000
Total	<u>\$ 203,111,371</u>	<u>\$ 5,404,573</u>	<u>\$ 7,338,413</u>	<u>\$ 201,177,531</u>	<u>\$ 5,884,251</u>

Payments for general obligation bonds are made in the Bond Interest and Redemption Fund with local revenues. Payments for certificates of participation are made by the Building Fund. The compensated absences will be paid for by the fund in which the employee worked which generally includes the General Fund, Adult Education Fund, Child Development Fund, and Cafeteria Fund. Claims liability is paid by the Internal Service Fund. The Supplemental early retirement plan is paid by the General Fund.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 - LONG-TERM LIABILITIES - CONT'D**

**General Obligation Bonds**

The District has pledged all revenues from the ad valorem taxes collected by Los Angeles County for the payment of all bonds of the District, heretofore or hereafter issued pursuant to voter approved measures of the District and amounts on deposit in the Bond Interest and Redemption Fund to the payment of the principal or redemption price of and interest on the bonds.

The outstanding general obligation bonded debt is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding June 30, 2023</u>	<u>Interest Accreted</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2024</u>
07/10/02	7/1/2027	2.50 to 6.44%	\$29,998,763	\$ 7,600,597	\$ 496,830	\$ -	\$ 8,097,427
01/07/10	8/1/2049	2.00 to 7.50%	\$57,455,978	76,516,494	4,907,743	(850,000)	80,574,237
07/01/12	7/1/2024	2.00 to 5.00%	\$20,285,000	5,445,000	-	(2,625,000)	2,820,000
08/04/15	8/1/2044	0.35 to 4.10%	\$28,000,000	23,965,000	-	(215,000)	23,750,000
09/01/16	8/1/2032	2.00 to 5.00%	\$21,525,000	20,475,000	-	(160,000)	20,315,000
04/03/19	8/1/2044	4.00 to 5.00%	\$25,000,000	20,325,000	-	(100,000)	20,225,000
09/26/19	8/1/2041	1.71 to 2.90%	\$22,635,000	21,560,000	-	(535,000)	21,025,000
06/07/22	8/1/2040	3.00 to 5.00%	\$14,000,000	14,000,000	-	(660,000)	13,340,000
				<u>\$189,887,091</u>	<u>\$ 5,404,573</u>	<u>\$ (5,145,000)</u>	<u>\$190,146,664</u>

**2002 General Obligation Bonds, Series 2002**

On July 10, 2002, the District issued General Obligation Bonds Election of 2002, Series 2002, in the amount of \$29,998,763. The bonds were authorized at an election of the registered voters of the District held on March 5, 2022, at which more than 55 percent of the persons voting on the proposition voted to authorize the issuance and sale of \$75 million of general obligation bonds. The issue consisted of Current Interest Serial Bonds of \$22,590,000 with stated interest rates ranging from 2.5 percent to 5.375 percent and fully maturing on July 1, 2024, Term Bonds of \$5,330,000 with a stated interest rate of 5.0 percent due July 1, 2027 and Capital Appreciation Serial Bonds of \$2,078,763 with a final maturity of July 1, 2027. The proceeds from the sale of the bonds were used to finance the renovation, construction, acquisition, and improvement of local school facilities within the District. On June 30, 2024, the principal balance outstanding was \$8,097,427.

**2010 General Obligation Revenue Bonds**

On January 7, 2010, the District issued \$57,455,978 of General Obligation Revenue Bonds through the California School Facilities Financing Authority (the "Authority"). The net proceeds of \$53,357,775 (after issuance costs of \$3,799,143 and original issue discount of \$299,060) were used to advance refund of \$59 million of the District's outstanding 2004 certificates of participation, in addition to paying the costs of issuance of the bonds. The bonds have interest rates ranging from 2.0 percent to 7.50 percent, with a final maturity date of August 1, 2049. A portion of the bonds were refunded with the issuance of the General Obligation Refunding Bonds, Series 2016. On June 30, 2024, the principal balance outstanding was \$80,574,237.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 9 - LONG-TERM LIABILITIES - CONT'D**

**General Obligation Bonds - Cont'd**

**2011 General Obligation Refunding Bonds**

On September 1, 2011, the District issued \$20,285,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 2.0 percent to 5.0 percent with annual maturities from July 2012 through July 2024. The net proceeds of \$21,442,821 (after issuance costs of \$428,613 and original issue premium of \$1,586,434) were used to refund a portion of the District's outstanding General Obligation Bonds Election of 2002, Series 2002. Deferred charges on refunding fully amortized during the year. As of June 30, 2024, the principal balance outstanding was \$2,820,000 and unamortized premium was \$0.

**General Obligation Bonds, Election of 2014, Series A**

On August 4, 2015, the District issued General Obligation Bonds Election of 2014, Series A, in the amount of \$28,000,000. The bonds were authorized at an election of the registered voters of the District held on November 4, 2014, at which more than 55 percent of the persons voting on the proposition voted to authorize the issuance and sale of \$92 million of general obligation bonds. The bonds were issued to finance certain authorized projects approved by the voters of the District. The bonds have a final maturity date of August 1, 2044, with interest rates ranging from 2.00 to 5.00 percent. The District received net proceeds of \$28,129,634 (representing the principal amount of \$28,000,000 plus a premium of \$129,634). On June 30, 2024, the principal balance outstanding was \$23,750,000 and unamortized premium was \$89,216.

**General Obligation Refunding Bonds, Series 2016**

On September 1, 2016, the District issued \$21,525,000 of General Obligation Refunding Bonds. The Bonds consist of current interest bonds bearing fixed rates ranging from 2.0 percent to 5.0 percent with a final maturity date of August 1, 2032. The net proceeds of \$23,780,757 (after issuance costs of \$332,701 and original issue premium of \$2,588,458) were used to refund a portion of the District's outstanding 2010 General Obligation Revenue Bonds. The refunding resulted in a cumulative cash flow savings of \$3,845,600 over the life of the new debt and an economic gain of \$3,004,761 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.47 percent. Deferred charges on refunding of \$1,323,379 remain to be amortized. As of June 30, 2024, the principal balance outstanding was \$20,315,000 and unamortized premium was \$1,294,229.

**General Obligation Bonds, Election of 2014, Series C**

On April 3, 2019, the District issued General Obligation Bonds, Election of 2014, Series C, in the amount of \$25,000,000. The bonds were authorized at an election of the registered voters of the District held on November 4, 2014, at which more than 55 percent of the persons voting on the proposition voted to authorize the issuance and sale of \$92 million of general obligation bonds. The bonds were issued to finance certain authorized projects approved by the voters of the District. The bonds have a final maturity date of August 1, 2044, with interest rates ranging from 4.00 to 5.00 percent. The District received net proceeds of \$27,824,371 (representing the principal amount of \$25,000,000 plus a premium of \$3,098,121 and issuance costs of \$273,750). On June 30, 2024, the principal balance outstanding was \$20,225,000 and unamortized premium was \$2,383,170.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 - LONG-TERM LIABILITIES - CONT'D**

**General Obligation Bonds - Cont'd**

**General Obligation Refunding Bonds, Series 2019**

On September 26, 2019, the District issued \$22,635,000 of General Obligation Refunding Bonds, Series 2019. The bonds consist of federally taxable serial bonds bearing interest rates ranging from 1.71 percent to 2.90 percent with a final maturity date of August 1, 2041. The refunding resulted in a cumulative cash flow savings of \$5,756,538 over the life of the new debt and an economic gain of \$3,850,897 based on the difference between present value of the existing debt service requirements and the new debt service requirements discounted at 2.70 percent. On June 30, 2024, the principal balance outstanding was \$21,025,000.

**General Obligation Bonds Election of 2014, Series D**

On June 7, 2022, the District issued General Obligation Bonds Election of 2014, Series D in the amount of \$14,000,000. The bonds were authorized at an election of the registered voters of the District held on November 4, 2014, at which more than 55 percent of the persons voting on the proposition voted to authorize the issuance and sale of \$92 million of general obligation bonds. The bonds were issued to finance certain authorized projects approved by the voters of the District. The bonds have a final maturity date of August 1, 2040, with interest rates of 4.00 percent.

On June 30, 2024, the principal balance outstanding was \$13,340,000 and unamortized premium was \$837,640.

**Debt Service Requirements to Maturity**

The bonds mature through 2050 as follows:

Bonds Maturing Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Compound Interest Paid at Maturity	Total
2025	\$ 5,418,909	\$ 26,091	\$ 4,498,527	\$ 9,943,527
2026	5,293,074	356,926	4,394,432	10,044,432
2027	5,479,145	610,855	4,335,554	10,425,554
2028	5,785,327	654,673	4,235,552	10,675,552
2029	7,060,000	-	3,984,267	11,044,267
2030-2034	44,267,620	4,557,181	14,420,663	63,245,464
2035-2039	45,659,221	33,844,633	8,743,059	88,246,913
2040-2044	46,068,835	52,465,545	3,781,961	102,316,341
2045-2049	22,161,889	71,337,934	122,453	93,622,276
2050	2,952,644	16,352,356	-	19,305,000
Total	<u>\$ 190,146,664</u>	<u>\$ 180,206,194</u>	<u>\$ 48,516,468</u>	<u>\$ 418,869,326</u>

**Compensated Absences**

Compensated absences for the District at June 30, 2024, is \$127,093.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 - LONG-TERM LIABILITIES - CONT'D**

**Supplemental Early Retirement Plan**

During 2019-2020, the District offered a voluntary retirement program to qualified certificated and classified employees. Eligibility requirements are that employees must be at least age 55 with 10 or more years of service in the District as of June 30, 2020. VRP benefits are based on 85 percent of the STRS/PERS creditable compensation for the fiscal year. All contributions to the VRP plan will be made by the District, no employee contributions are required to participate. The District will fund the benefits over a five-year period. Currently, there are 36 employees participating in this plan and the District's obligation to those retirees as of June 30, 2024, is \$0.

**Claims Liability**

Liabilities associated with dental claims and workers' compensation claims are reported when it is probably that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred by not reported (IBNR). Claims liabilities are based upon estimated ultimate cost of settling the claims considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for claims is reported in the Internal Service Fund. The outstanding claims liability as of June 30, 2024, amounted to \$2,216,519 using a discount factor of 2.0 percent. See Note 12 for additional details.

**Lease payable**

The District has entered into an agreement to lease certain property. The lease agreements qualify as other short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Future payments are as follows:

Year ending June 30:	Governmental activities		
	Principal	Interest	Total amount
2025	\$ 211,000	\$ 114,480	\$ 325,480
2026	219,000	108,445	327,445
2027	227,000	102,155	329,155
2028	232,000	95,665	327,665
2029	238,000	89,048	327,048
2030 to 2034	1,298,000	339,039	1,637,039
2035 to 2039	1,497,000	142,511	1,639,511
2040	161,000	2,286	163,286
Total	\$ 4,083,000	\$ 993,629	\$ 5,076,629

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY**

For the fiscal year ended June 30, 2024, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense/ (Income)</u>
District Plan	\$ 15,758,019	\$ 622,531	\$ 4,787,397	\$ (931,866)
Medicare Premium Payment (MPP) Program	<u>377,348</u>	<u>-</u>	<u>-</u>	<u>(17,454)</u>
Total	<u>\$ 16,135,367</u>	<u>\$ 622,531</u>	<u>\$ 4,787,397</u>	<u>\$ (949,320)</u>

The details of each plan are as follows:

**District Plan**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the "Plan"). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Plan Membership**

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

Retired participants	51
Active employees	<u>612</u>
Total	<u><u>663</u></u>

**Benefits Provided**

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Azusa Educators Association (AEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District's AEA, CSEA, and unrepresented groups. For the measurement period of June 30, 2024, the District paid \$1,135,513 in benefits (including implicit rate subsidies).

**Total OPEB Liability of the District**

The District's total OPEB liability of \$15,758,019 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - CONT'D**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following assumptions applied to all periods included in the measurement unless otherwise specified:

Inflation	3.25 percent
Salary increase	3.25 percent average including inflation
Discount rate	4.21 percent
Healthcare cost trend rates	7.00 percent

The discount rate was based on the 20-bond municipal bond yield.

Mortality rates for CalSTRS (certificated employees) were based on the 2024 experience study. Mortality rates for CalPERS (classified employees) were based on the 2021 experience study. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement past contributions are available to fund benefits for employees who live to retirement. After retirement death results in benefit termination or reduction. Although higher mortality rates reduce service costs of the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance June 30, 2023	\$ 17,158,034
Service cost	611,881
Interest	710,686
Changes of benefit terms	142,325
Difference between expected and actual experience	(2,120,647)
Changes in Assumptions	391,253
Expected benefit payments	<u>(1,135,513)</u>
Net change in total OPEB liability	<u>(1,400,015)</u>
Balance June 30, 2024	<u>\$ 15,758,019</u>

Changes of assumptions and other inputs are as follows:

- The discount rate as of the end of the fiscal year changed from 4.13% to 4.21% based on the change in 20-year municipal bond yields.
- The healthcare cost trend was updated to a graded scale beginning with 7.00% in the 2024/2025 fiscal year, grading down to an ultimate rate of 4.04%.
- Morbidity rates were updated based on the June 2013 Society of Actuaries Study entitled "Health Care Costs - From Birth to Death".
- Mortality, termination, and retirement assumptions for non-certificated participants were updated to reflect the CalPERS 2021 experience study.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - CONT'D**

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>	
1% decrease (3.21%)	\$	16,611,229
Current discount rate (4.21%)	\$	15,758,019
1% increase (5.21%)	\$	14,923,746

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>	
1% decrease (6.00%)	\$	14,592,736
Current healthcare cost trend rate (7.00%)	\$	15,758,019
1% increase (8.00%)	\$	17,066,516

**OPEB Expense Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

For the year ended June 30, 2024, the District recognized OPEB expense (income) of \$(931,866). On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (3,120,518)
Changes of assumptions	622,531	(1,666,879)
<b>Total</b>	<b>\$ 622,531</b>	<b>\$ 4,787,397</b>

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

<u>Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (1,278,837)
2026	(1,322,172)
2027	(571,346)
2028	(602,059)
2029	(272,293)
Thereafter	(118,159)
<b>Total</b>	<b>\$ (4,164,866)</b>



**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - CONT'D**

**Medicare Premium Payment (MPP) Program**

**Plan Description**

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

**Benefits Provided**

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

Members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2023, 4,457 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California Education Code section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

**Net OPEB Liability and OPEB Expense**

At June 30, 2024, the District reported a liability of \$377,348 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school District actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1244 percent, and 0.1199 percent, resulting in a net increase in the proportionate share of 0.0045 percent.

For the year ended June 30, 2024, the District recognized OPEB expense (income) of \$(17,454).

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - CONT'D**

**Actuarial Methods and Assumptions**

The total OPEB liability for the MPP Program as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total OPEB liability as of June 30, 2023, include:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Medicare Part A Premium Cost Trend Rate*	4.30%
Medicare Part B Premium Cost Trend Rate*	5.50%

\* - The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.3% and 5.5% increase each year for Medicare Part A and Part B, respectively.

**Future Enrollment**

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet the criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population of 138,780.

**Mortality**

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

**Discount Rate**

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the California State Treasurer. As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023 was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - CONT'D**

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

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

<u>Discount Rates</u>	<u>Net OPEB Liability</u>
1% decrease (2.65%)	\$ 410,100
Current healthcare cost trend rate (3.65%)	\$ 377,348
1% increase (4.65%)	\$ 348,870

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates**

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.30% Part A and 4.50% Part B)	\$ 347,197
Current Medicare costs trend rate (4.30% Part A and 5.50% Part B)	\$ 377,348
1% increase (5.30% Part A and 6.50% Part B)	\$ 411,387

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 11 - FUND BALANCES**

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>				
Revolving cash	\$ 25,000	\$ -	\$ -	\$ 25,000
Stores inventory	-	-	66,700	66,700
Total nonspendable	<u>25,000</u>	<u>-</u>	<u>66,700</u>	<u>91,700</u>
<b>Restricted</b>				
Legally restricted programs	50,147,741	-	-	50,147,741
Student activity	-	-	308,279	308,279
Adult education	-	-	518,538	518,538
Child development	-	-	942,483	942,483
Food service	-	-	5,946,844	5,946,844
Deferred Maintenance Fund	32,977	-	-	32,977
Capital projects	-	3,948,917	7,104,198	11,053,115
Total restricted	<u>50,180,718</u>	<u>3,948,917</u>	<u>14,820,342</u>	<u>68,949,977</u>
<b>Committed</b>				
Supplemental and concentration carry over	<u>23,387,824</u>	<u>-</u>	<u>-</u>	<u>23,387,824</u>
Total committed	<u>23,387,824</u>	<u>-</u>	<u>-</u>	<u>23,387,824</u>
<b>Assigned</b>				
Deferred maintenance Fund	303,368	-	-	303,368
Adult education	-	-	440,963	440,963
Child development	-	-	73,494	73,494
Capital Projects	-	28,018,459	6,959,919	34,978,378
Debt services	-	-	8,039,403	8,039,403
Other	<u>3,818,680</u>	<u>-</u>	<u>-</u>	<u>3,818,680</u>
Total assigned	<u>4,122,048</u>	<u>28,018,459</u>	<u>15,513,779</u>	<u>47,654,286</u>
<b>Unassigned</b>				
Reserve for economic uncertainties	4,458,707	-	-	4,458,707
Unassigned	-	-	(65,677)	(65,677)
Total unassigned	<u>4,458,707</u>	<u>-</u>	<u>(65,677)</u>	<u>4,393,030</u>
<b>Total</b>	<u>\$ 82,174,297</u>	<u>\$ 31,967,376</u>	<u>\$ 30,335,144</u>	<u>\$ 144,476,817</u>

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 12 - RISK MANAGEMENT**

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District has established an Internal Service Fund to account for and finance its uninsured risks of loss for property and liability coverage. The District participates in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers agency (JPA) for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

For fiscal year 2024, the District participated in ASCIP for workers' compensation coverage. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The workers' compensation experience of the participating District is calculated as one experience and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Participation in ASCIP is limited to the districts that can meet the ASCIP's selection criteria. The District also has a portion of self-insured claims for workers' compensation for claims prior to joining ASCIP in 2019.

**Employee Medical Benefits**

Employee health benefits are covered by commercial insurance policies purchased by the District. The District has contracted with the Aetna Health Care Kaiser Permanent SafeGuard and Delta Dental and Safeguard and VSP to provide employee health benefits. The District provides health insurance benefits to the District employees electing to participate in the plan by paying a monthly premium based on the number of the District employees participating in the plan.

**Claims Liabilities**

The District records an estimated liability for dental insurance and workers' compensation claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

**Unpaid Claims Liabilities**

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2024:

	<u>Dental Care</u>	<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
Liability Balance, June 30, 2022	\$ 118,921	\$ 3,631,673	\$ 3,750,594
Claims and changes in estimates	(167,952)	(1,169,590)	(1,337,542)
Claims payments	49,031	170,359	219,390
	<hr/>	<hr/>	<hr/>
Liability Balance, June 30, 2023	-	2,632,442	2,632,442
Claims and changes in estimates	69,087	(517,081)	(447,994)
Claims payments	(69,087)	101,158	32,071
	<hr/>	<hr/>	<hr/>
Liability Balance, June 30, 2024	-	2,216,519	2,216,519
	<hr/>	<hr/>	<hr/>
Assets available to pay claims at June 30, 2024	<u>\$ 9,184</u>	<u>\$ 14,938,545</u>	<u>\$ 14,947,729</u>

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS**

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

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

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense (Income)</u>
CalSTRS	\$ 64,032,445	\$ 26,973,421	\$ 7,876,167	\$ (5,405,681)
CalPERS	35,427,454	11,626,793	3,214,282	383,848
Total	<u>\$ 99,459,899</u>	<u>\$ 38,600,214</u>	<u>\$ 11,090,449</u>	<u>\$ (5,021,833)</u>

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions assumptions (for funding but not accounting purposes) and membership information is listed in the June 30, 2021, annual actuarial valuation report Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/general-information/gasb-6768>.

**Benefits Provided**

The STRP provides retirement disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service, are eligible for the normal retirement benefit at age 60. Members hired on or after January 01, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

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

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

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

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

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

**Contributions**

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payrolls using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period.

For the year ended June 30, 2024, the District and state contributions were as follows:

	<u>CalSTRS</u>
Employer Contributions	\$ 9,754,053
State Contributions	<u>4,907,278</u>
Total	<u>\$ 14,661,331</u>

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

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

Total net pension liability including State share	
District's proportionate share of net pension liability	\$ 64,032,445
State's proportionate share of the net pension liability associated with the District	<u>30,680,299</u>
Total	<u>\$ 94,712,744</u>

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, was a follow:

<u>Measurement Dates</u>	<u>Fiscal Year</u>	<u>CalSTRS</u>
June 30, 2022	2022-23	0.000799
June 30, 2023	2023-24	0.000841
Change - Increase (Decrease)		<u>0.000042</u>

For the year ended June 30, 2024, the District recognized pension expense (income) of \$(5,405,681). On June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 14,661,331	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,635,339	(4,450,106)
Differences between projected and actual earnings on pension plan investments	274,085	-
Differences between expected and actual experience in the measurement of the total pension liability	5,031,895	(3,426,061)
Changes of assumptions	<u>370,771</u>	<u>-</u>
Total	<u>\$ 26,973,421</u>	<u>\$ (7,876,167)</u>

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

The remaining amount will be recognized to pension expenses as follows:

<u>Year Ended June 30,</u>	<u>Total Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (1,463,928)
2026	(2,590,534)
2027	5,979,242
2028	1,036,466
2029	638,130
Thereafter	<u>836,547</u>
Total	<u>\$ 4,435,923</u>



**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation, used the following methods and assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Postretirement benefit increases	2% simple for DB (annually) Maintain 85% purchase power level for DB, not applicable for DBS/CBB

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20 - year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return**</u>
Public equity	38.0%	5.25%
Real estate	15.0%	4.05%
Private equity	14.0%	6.75%
Fixed income	14.0%	2.45%
Risk mitigating strategies	10.0%	2.25%
Inflation sensitive	7.0%	3.65%
Cash/liquidity	2.0%	0.05%

\*\* 20 - year average.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

**Mortality**

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

**Uses of assumption and methods**

Actuarial valuations of an ongoing plan involve estimate of the value of reported amounts (salaries, credited service, etc.) and assumptions about the probability of occurrence of events far into the future (mortality, disabilities, retirements, employment terminations, etc.). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**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 current discount rate of 7.10%, 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% lower (6.10%) or 1% higher (8.10%) than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 107,409,317
Current discount rate (7.10%)	\$ 64,032,445
1% increase (8.10%)	\$ 28,002,897

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions assumptions (for funding but not accounting purposes) and membership information is listed in the June 30, 2023, annual actuarial valuation report Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

**Benefits Provided**

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

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

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.68%	26.68%

**Contributions**

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

The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$4,726,687.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$35,427,454. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school district, actuarially determined.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, was as follows:

<u>Measurement Dates</u>	<u>Fiscal Year</u>	<u>CalPERS</u>
June 30, 2022	2022-23	0.000971
June 30, 2023	2023-24	0.000978
Change - Increase (Decrease)		<u>0.000007</u>

For the year ended June 30, 2024, the District recognized pension expense (income) of \$383,848. On June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,726,687	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	190,971	(2,670,168)
Differences between projected and actual earnings on pension plan investments	3,784,158	-
Differences between expected and actual experience in the measurement of the total pension liability	1,292,848	(544,114)
Changes of assumptions	1,632,129	-
<b>Total</b>	<u>\$ 11,626,793</u>	<u>\$ (3,214,282)</u>

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

The remaining amount will be recognized to pension as follows:

<u>Year Ended June 30,</u>	<u>Total Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 1,120,000
2026	779,046
2027	2,288,811
2028	<u>(502,033)</u>
<b>Total</b>	<u>\$ 3,685,824</u>

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

**Actuarial Methods and Assumptions**

Total pension liability for the June 30, 2023, measurement period was determined by an actuarial valuation as of June 30, 2022, with updated procedures used to roll forward the total pension liability to June 30, 2023.

The total pension liability was based on the following assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Salary increase	Varies by entry age and service
Mortality rate table*	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

\* - The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

**Long-term Expected Rate of Return**

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return:

Asset Class *	Assumed Asset Allocation	Real Return Years 1 - 10*,
Global equity - cap - weighted	30.00 %	4.54 %
Global equity non-cap-weighted	12.00 %	3.84 %
Private equity	13.00 %	7.28 %
Treasury	5.00 %	0.27 %
Mortgage - backed securities	5.00 %	0.50 %
Investment grade corporates	10.00 %	1.56 %
High yield	5.00 %	2.27 %
Emerging market debt	5.00 %	2.48 %
Private debt	5.00 %	3.57 %
Real assets	15.00 %	3.21 %
Leverage	(5.00)%	(0.59)%

\*- An expected inflation of 2.30% was used for this period.

\*\* - Figures are based on the 2021-22 Assets Liability Management study.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D**

**Discount Rate**

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

**Sensitivity of the Collective Net Pension Liability to Change in the Discount Rate**

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 51,218,940
Current discount rate (6.90%)	\$ 35,427,454
1% increase (7.90%)	\$ 22,376,149

**Social Security**

As established by federal law, all public sector employees who are members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan.

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS annual comprehensive financial reports.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Litigation**

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

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS**

The District participates in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers authority (JPAs) for property and liability and workers' compensation coverage. The District also participates in the Schools Excess Liability Fund JPA (SELF) for excess liability coverage above the ASCIP limit of \$5 million.

The California School Facilities Financing Authority (CSFFA) joint powers authority was formed for the public purpose of assisting in financing public capital improvements for the District.

The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes. All debt issued by CSFFA on behalf of the District is included in the District's financial statements.

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

During the year ended June 30, 2024, the District made payments of \$2,551,321 and \$0 to ASCIP and SELF, respectively.

**NOTE 16 - RESTATEMENT**

During the year ended June 30, 2024, the District determined that changes to the beginning fund balance - governmental funds - Student Activity Fund and change in net position in government - wide financial were necessary for \$59,945. As a result, prior year financial statements have been restated by \$59,945 to show the effects of the change.

<u>Year Ended June 30,</u>	<u>Governmental- Wide Funds</u>	<u>Student Activity Fund</u>
Beginning net position and Fund balance previously reported at June 30, 2023	\$ (58,851,361)	\$ 281,519
Understated amount	<u>59,945</u>	<u>59,945</u>
Net position and Fund balance - Beginning as Restated at July 1, 2023	<u>\$ (58,791,416)</u>	<u>\$ 341,464</u>

**NOTE 17 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 19, 2024, the date at which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

## REQUIRED SUPPLEMENTARY INFORMATION



**AZUSA UNIFIED SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	<u>Variance Final to Actual</u>
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Revenues</b>				
LCFF sources	\$105,822,601	\$106,323,850	\$105,540,916	\$ (782,934)
Federal revenue	30,538,984	33,295,040	23,127,246	(10,167,794)
Other state revenue	20,114,815	20,175,880	19,411,366	(764,514)
Other local revenue	<u>9,958,955</u>	<u>9,959,057</u>	<u>10,965,783</u>	<u>1,006,726</u>
Total revenues*	<u>166,435,355</u>	<u>169,753,827</u>	<u>159,045,311</u>	<u>(10,708,516)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	51,360,030	52,005,732	51,140,658	865,074
Classified salaries	19,033,159	19,469,857	18,345,181	1,124,676
Employee benefits	30,150,667	30,280,183	30,285,496	(5,313)
Books & supplies	32,954,347	35,557,823	11,312,269	24,245,554
Services and other operating expenditures	30,307,334	36,431,683	26,912,529	9,519,154
Other outgo excluding transfers of indirect costs	3,731,672	3,730,672	1,094,489	2,636,183
Other outgo - Transfers of indirect costs	(312,538)	(314,678)	(312,393)	(2,285)
Capital outlay	<u>974,127</u>	<u>1,129,755</u>	<u>9,337,970</u>	<u>(8,208,215)</u>
Total expenditures*	<u>168,198,798</u>	<u>178,291,027</u>	<u>148,116,199</u>	<u>30,174,828</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(1,763,443)</u>	<u>(8,537,200)</u>	<u>10,929,112</u>	<u>19,466,312</u>
<b>Other Financing Sources/(Uses)</b>				
<b>Interfund transfers</b>				
Transfers in	1,000,000	1,000,000	-	(1,000,000)
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,763,443)	(8,537,200)	10,929,112	19,466,312
Fund balance - beginning of year	<u>49,296,387</u>	<u>71,245,185</u>	<u>71,245,185</u>	<u>-</u>
Fund balance - end of year	<u>\$ 47,532,944</u>	<u>\$ 62,707,985</u>	<u>\$ 82,174,297</u>	<u>\$ 19,466,312</u>

See accompanying notes to required supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 611,881	\$ 643,518	\$ 932,093	\$ 896,883	\$ 864,884	\$ 863,624	\$ 871,811
Interest on total OPEB liability	710,686	695,932	424,843	489,453	642,419	659,235	664,637
Changes of benefit terms	142,325	-	-	-	-	290,693	229,272
Changes of assumptions	391,253	(37,870)	(1,593,118)	510,053	(2,575,751)	-	-
Difference between expected and actual experience	(2,120,647)	-	(957,142)	-	(2,750,213)	-	-
Benefits payments	<u>(1,135,513)</u>	<u>(1,020,751)</u>	<u>(965,975)</u>	<u>(722,264)</u>	<u>(953,123)</u>	<u>(869,112)</u>	<u>(870,505)</u>
Net change in total OPEB liability	(1,400,015)	280,829	(2,159,299)	1,174,125	(4,771,784)	944,440	895,215
Total OPEB liability - beginning	<u>17,158,034</u>	<u>16,877,205</u>	<u>19,036,504</u>	<u>17,862,379</u>	<u>22,634,163</u>	<u>21,689,723</u>	<u>20,794,508</u>
Total OPEB liability - ending	<u>\$ 15,758,019</u>	<u>\$ 17,158,034</u>	<u>\$ 16,877,205</u>	<u>\$ 19,036,504</u>	<u>\$ 17,862,379</u>	<u>\$ 22,634,163</u>	<u>\$ 21,689,723</u>

Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

Measurement date June 30, 2024 June 30, 2023 June 30, 2022 June 30, 2021 June 30, 2020 June 30, 2019 June 30, 2018

\*- The District's OPEB Plan is not administered through a trust, and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.1244 %	0.1199 %	0.1228 %	0.1554 %	0.1631 %	0.1638 %	0.1716 %
District's proportionate share of the net OPEB liability	\$ 377,348	\$ 394,802	\$ 490,094	\$ 658,615	\$ 607,342	\$ 626,892	\$ 722,123
District's covered-employee payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	0.96 %	0.94 %	0.80 %	0.71 %	(0.81)%	(0.40)%	0.01 %
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup>As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<u>CalSTRS</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net pension liability	0.0841%	0.0799%	0.0817%	0.0892%	0.0922%
District's proportionate share of the net pension liability	\$ 64,032,445	\$ 55,490,226	\$ 37,199,461	\$ 86,434,765	\$ 83,264,728
State's proportionate share of the net pension liability associated with the District	<u>30,680,299</u>	<u>27,789,668</u>	<u>18,717,716</u>	<u>44,557,132</u>	<u>45,426,468</u>
Total	<u>\$ 94,712,744</u>	<u>\$ 83,279,894</u>	<u>\$ 55,917,177</u>	<u>\$ 130,991,897</u>	<u>\$ 128,691,196</u>
District's covered payroll	\$ 47,372,170	\$ 46,772,314	\$ 45,985,952	\$ 49,065,187	\$ 50,518,311
District's proportionate share of the net pension liability as a percentage of its covered payroll	135.17%	118.64%	80.89%	176.16%	164.82%
Plan fiduciary net position as a percentage of the total pension liability	81.00%	81.00%	87.00%	72.00%	73.00%

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

**AZUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<u>CalSTRS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.0912%	0.0948%	0.0963%	0.0972%	0.0950%
District's proportionate share of the net pension liability	\$ 83,862,092	\$ 87,679,321	\$ 77,905,059	\$ 65,435,675	\$ 55,515,150
State's proportionate share of the net pension liability associated with the District	<u>48,014,970</u>	<u>51,870,346</u>	<u>44,349,960</u>	<u>34,608,259</u>	<u>33,522,444</u>
Total	<u>\$ 131,877,062</u>	<u>\$ 139,549,667</u>	<u>\$ 122,255,019</u>	<u>\$ 100,043,934</u>	<u>\$ 89,037,594</u>
District's covered payroll	\$ 49,886,757	\$ 48,783,800	\$ 47,216,533	\$ 40,030,755	\$ 43,087,648
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.10%	179.73%	165.00%	163.46%	128.84%
Plan fiduciary net position as a percentage of the total pension liability	71.00%	69.00%	70.00%	74.00%	77.00%

See accompanying notes to required supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>CaIPERS</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net pension liability	0.0978%	0.0971%	0.1049%	0.1084%	0.1121%
District's proportionate share of the net pension liability	\$ 35,427,454	\$ 33,403,264	\$ 21,328,596	\$ 33,274,342	\$ 32,683,155
District's covered payroll	\$ 17,523,494	\$ 16,877,610	\$ 15,903,820	\$ 15,899,650	\$ 18,451,622
District's proportionate share of the net pension liability as a percentage of its covered payroll	202.17%	197.91%	134.11%	209.28%	177.13%
Plan fiduciary net position as a percentage of the total pension liability	69.96%	69.76%	80.97%	70.00%	70.00%

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

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>CaIPERS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.1145%	0.1151%	0.1167%	0.1163%	0.1152%
District's proportionate share of the net pension liability	\$ 30,529,054	\$ 27,489,271	\$ 23,039,876	\$ 17,147,484	\$ 13,078,005
District's covered payroll	\$ 15,142,991	\$ 14,354,356	\$ 13,856,698	\$ 11,917,553	\$ 12,259,185
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.61%	191.50%	166.27%	143.88%	106.68%
Plan fiduciary net position as a percentage of the total pension liability	71.0%	72.0%	74.0%	79.0%	83.0%

See accompanying notes to required supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>CaSTRS</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 14,661,331	\$ 14,174,314	\$ 13,280,358	\$ 7,262,460	\$ 8,390,147
Contributions in relation to the contractually required contribution	<u>(14,661,331)</u>	<u>(14,174,314)</u>	<u>(13,280,358)</u>	<u>(7,262,460)</u>	<u>(8,390,147)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 47,372,170	\$ 46,772,314	\$ 45,985,952	\$ 44,968,793	\$ 49,065,187
Contributions as a percentage of covered payroll	30.95%	30.30%	28.88%	16.15%	17.10%

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



**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>CalSTRS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 8,224,381	\$ 7,198,659	\$ 6,137,002	\$ 5,066,334	\$ 3,554,731
Contributions in relation to the contractually required contribution	<u>(8,224,381)</u>	<u>(7,198,659)</u>	<u>(6,137,002)</u>	<u>(5,066,334)</u>	<u>(3,554,731)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 50,518,311	\$ 49,886,757	\$ 48,783,800	\$ 47,216,533	\$ 40,030,755
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%

See accompanying notes to required supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>CalPERS</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 4,726,687	\$ 4,325,736	\$ 3,420,818	\$ 3,118,659	\$ 3,135,570
Contributions in relation to the contractually required contribution	<u>(4,726,687)</u>	<u>(4,325,736)</u>	<u>(3,420,818)</u>	<u>(3,118,659)</u>	<u>(3,135,570)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,523,494	\$ 16,877,610	\$ 15,903,820	\$ 15,065,546	\$ 15,899,650
Contributions as a percentage of covered payroll	26.97%	25.63%	21.51%	20.70%	19.72%

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

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>CalPERS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,332,732	\$ 2,351,858	\$ 1,993,820	\$ 1,641,303	\$ 1,402,696
Contributions in relation to the contractually required contribution	<u>(3,332,732)</u>	<u>(2,351,858)</u>	<u>(1,993,820)</u>	<u>(1,641,303)</u>	<u>(1,402,696)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$ 18,451,622	 \$ 15,142,991	 \$ 14,354,356	 \$ 13,856,698	 \$ 11,917,553
Contributions as a percentage of covered payroll	18.06%	15.53%	13.89%	11.84%	11.77%

See accompanying notes to required supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 - PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

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

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

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

This 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 valuations.
- *Changes of Assumptions* - The discount rate as of the end of the fiscal year changed from 4.13% to 4.21% based on the change in 20-year municipal bond yields. The healthcare cost trend was updated to a graded scale beginning with 7.00% in the 2024/2025 fiscal year, grading down to an ultimate rate of 4.04%. Morbidity rates were updated based on the June 2013 Society of Actuaries Study entitled "Health Care Costs - From Birth to Death". Mortality, termination, and retirement assumptions for non-certificated participants were updated to reflect the CalPERS 2021 experience study.

**Schedule of Changes in the Net OPEB Liability and Related Ratios - Medicare Premium Payment Plan**

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Medicare Premium Payment plan.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.65 percent to 3.54 percent since the previous valuation.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 - PURPOSE OF SCHEDULES - CONT'D**

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

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

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

**Schedule of the District 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.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

	CalPERS	CalSTRS
Valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2023	June 30, 2023
Actuarial cost method	Entry- Age Normal Cost	Entry- Age Normal Cost
Actuarial Assumptions:		
Discount rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll growth rate	2.80%	3.50%
Projected salary increases	Varies by entry age and service	Varies by entry age and service
Investment rate of return <sup>1</sup>	6.90%	7.10%
Mortality rate table	Derived using CalPERS' membership data for all funds	Derived using CalSTRS' membership data for all funds

<sup>1</sup> Net of pension plan investment expenses, including inflation.

## SUPPLEMENTARY INFORMATION

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. Department of Education:</b>			
Passed through California Department of Education (CDE)			
Education Stabilization Fund (ESF) Cluster:			
Elementary and Secondary School Emergency Relief (ESSER) Fund I	84.425	15547	\$ 5,850,921
Elementary and Secondary School Emergency Relief (ESSER) Fund I	84.425	15559	7,593,720
Elementary and Secondary School Emergency Relief III, Instructional Time	84.425U	10155	2,381,674
American Rescue Plan - Homeless Children and Youth II	84.425	15566	12,940
21st Century Community Learning Centers (CCLC) Rate increase: ESSER III	84.425	15651	<u>254,500</u>
Subtotal Education Stabilization Fund (ESF) Cluster			<u>16,093,755</u>
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,672,104
AB 114 CANS Demonstration Project and AB 114 Implementation Grant	84.027	01110	607,130
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	<u>51,439</u>
Subtotal Special Education Cluster			<u>2,330,673</u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>Other Program:</b>			
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,996,600
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	350,251
ESEA (ESSA): Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	556,091
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	188,015
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	371,006
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Sec. 131	84.048	14894	<u>114,168</u>
Subtotal Other Program			<u>4,576,131</u>
<b>Adult Education- Basic Grants to States:</b>			
Adult Basic Education & ELA (Section 231)	84.002A	14508	41,797
Adult Secondary Education (Section 231)	84.002	13978	37,029
English Literacy & Civics Education - Local Grant	84.002A	14109	<u>106,645</u>
Subtotal Adult Education- Basic Grants to States			<u>185,471</u>
Total U.S. Department of Education			<u>23,186,030</u>

See accompanying notes to supplementary information.



**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. Department of Agriculture:</b>			
Passed through California Department of Education (CDE)			
Child Nutrition Cluster			
Supply Chain Assistance (SCA) Funds	10.555	13523	3,720,155
Supply Chain Assistance (SCA) Funds	10.555	15729	206,450
Supply Chain Assistance (SCA) Funds	10.555	15708	<u>11,292</u>
Subtotal Child Nutrition Cluster			<u>3,937,897</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	<u>780,975</u>
Total U.S. Department of Agriculture			<u>4,718,872</u>
Total Federal Expenditures			<u>\$ 27,904,902</u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2024**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education. ADA statistics reported to the state for the fiscal year ended June 30, 2024, are as follows:

	Final Report	
	Second Period Report	Annual Report
Grades Transitional Kindergarten through Third:		
Regular ADA	1,902.21	1,912.30
Extended Year Special Education	4.59	4.59
Special Education - Nonpublic, Nonsectarian Schools	-	-
Extended Year Special Education - Nonpublic, Nonsectarian Schools	2.15	2.15
Total Grades Transitional Kindergarten Through Third ADA	<u>1,908.95</u>	<u>1,919.04</u>
Grades Four Through Six:		
Regular ADA	1,331.83	1,328.04
Extended Year Special Education	2.24	2.24
Special Education - Nonpublic, Nonsectarian Schools	1.76	1.64
Extended Year Special Education - Nonpublic, Nonsectarian Schools	4.77	4.77
Total Grades Four Through Six ADA	<u>1,340.60</u>	<u>1,336.69</u>
Grades Seven and Eight:		
Regular ADA	916.67	903.53
Extended Year Special Education	0.75	0.75
Special Education - Nonpublic, Nonsectarian Schools	1.67	2.59
Extended Year Special Education - Nonpublic, Nonsectarian Schools	2.23	2.23
Total Grades Seven and Eight ADA	<u>921.32</u>	<u>909.10</u>
Grades Nine Through Twelve		
Regular ADA	1,606.34	1,639.05
Extended Year Special Education	3.53	3.53
Special Education - Nonpublic, Nonsectarian Schools	7.69	9.83
Extended Year Special Education - Nonpublic, Nonsectarian Schools	15.53	15.53
Total Grades Nine Through Twelve ADA	<u>1,633.09</u>	<u>1,667.94</u>
Total ADA	<u><u>5,803.96</u></u>	<u><u>5,832.77</u></u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2024**

Grade Level	1986-87 Minutes Requirement	2023-24 Actual Minutes	Number of Days		Total Days Offered	Status
			Traditional Calendar	Multitrack Calendar		
Kindergarten	36,000	51,460	180	-	180	In Compliance
Grade 1	50,400	51,460	180	-	180	In Compliance
Grade 2	50,400	51,460	180	-	180	In Compliance
Grade 3	50,400	51,460	180	-	180	In Compliance
Grade 4	54,000	55,213	180	-	180	In Compliance
Grade 5	54,000	55,213	180	-	180	In Compliance
Grade 6	54,000	55,213	180	-	180	In Compliance
Grade 7	54,000	60,378	180	-	180	In Compliance
Grade 8	54,000	60,378	180	-	180	In Compliance
Grade 9	64,800	88,560	180	-	180	In Compliance
Grade 10	64,800	88,560	180	-	180	In Compliance
Grade 11	64,800	88,560	180	-	180	In Compliance
Grade 12	64,800	88,560	180	-	180	In Compliance

Note: The District did not file J-13A during the year 2023-2024.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025 (Budget)*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General fund - budgetary basis***				
Revenues and other financial sources	\$ 142,866,676	\$ 158,821,792	\$ 178,150,433	\$ 129,366,954
Total revenues and other sources	<u>142,866,676</u>	<u>158,821,792</u>	<u>178,150,433</u>	<u>129,366,954</u>
Expenditures	155,323,109	147,623,552	139,402,801	120,774,239
Other uses and transfer out	<u>1,000,000</u>	<u>642,339</u>	<u>-</u>	<u>642,339</u>
Total expenditures and other uses	<u>156,323,109</u>	<u>148,265,891</u>	<u>139,402,801</u>	<u>121,416,578</u>
Net change in fund balance	<u>(13,456,433)</u>	<u>10,555,901</u>	<u>38,747,632</u>	<u>7,950,376</u>
Ending fund balance	<u>\$ 68,752,239</u>	<u>\$ 82,208,672</u>	<u>\$ 71,652,771</u>	<u>\$ 28,390,076</u>
Available reserves**	<u>\$ 4,689,674</u>	<u>\$ 4,458,707</u>	<u>\$ 4,182,085</u>	<u>\$ 3,642,498</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as a percentage of outgo	3.01 %	3.02 %	3.01 %	3.00 %
Total long-term liabilities	<u>\$ 195,293,280</u>	<u>\$ 196,998,159</u>	<u>\$ 194,178,351</u>	<u>\$ 276,255,733</u>
Average daily attendance at P-2	<u>5,657</u>	<u>5,804</u>	<u>6,042</u>	<u>6,106</u>

The General Fund balance has increased by \$53,818,596 over the past two years. The fiscal year 2024-25 budget projects a decrease of \$13,456,433 or 16.37%. For the District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred operating surpluses in the past two years out of three but anticipates incurring an operating deficit during the 2024-25 fiscal year. Total long-term obligations have decreased by \$79,257,574 over the past two years.

Average daily attendance has decreased by 302 over the past two years. A decrease of 147 ADA is anticipated during fiscal year 2024-2025.

**Note**

\* Budget 2025 is included for analytical purpose only and has not been subjected to audit.

\*\* Available reserves consist of all unassigned fund balances, including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other than Capital Outlay Projects.

\*\*\* General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund and Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

**AZUSA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements on June 30, 2024.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2024**

No charter schools are chartered by Azusa Unified School District.

<u>Charter Schools</u>	<u>Included in Audit?</u>
None	N/A

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
<b>ASSETS</b>					
Cash and investments	\$ 317,908	\$ 639,825	\$ 2,776,560	\$ 5,057,033	\$ 1,553,876
Accounts receivable	-	8,077	34,126	50,350	28,671
Due from grantor govt	-	581,440	-	1,003,151	-
Stores inventory	-	-	-	66,700	-
Total assets	<u>317,908</u>	<u>1,229,342</u>	<u>2,810,686</u>	<u>6,177,234</u>	<u>1,582,547</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	9,629	171,807	160,898	221,503	-
Due to Grantor government	-	98,034	1,633,811	-	-
Unearned revenue	-	-	-	7,864	-
Total liabilities	<u>9,629</u>	<u>269,841</u>	<u>1,794,709</u>	<u>229,367</u>	<u>-</u>
<b>FUND BALANCES:</b>					
Nonspendable	-	-	-	66,700	-
Restricted	308,279	518,538	942,483	5,946,844	1,518,980
Assigned	-	440,963	73,494	-	63,567
Unassigned	-	-	-	(65,677)	-
Total fund balances	<u>308,279</u>	<u>959,501</u>	<u>1,015,977</u>	<u>5,947,867</u>	<u>1,582,547</u>
Total liabilities and fund balances	<u>\$ 317,908</u>	<u>\$ 1,229,342</u>	<u>\$ 2,810,686</u>	<u>\$ 6,177,234</u>	<u>\$ 1,582,547</u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

		<u>State School Building Lease Purchase Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Bond Interest and Redemption Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments	\$	185	\$ 5,817,795	\$ 6,580,694	\$ 8,039,403	\$ 30,783,279
Accounts receivable		2	66,902	75,795	-	263,923
Due from grantor govt		-	-	-	-	1,584,591
Stores inventory		-	-	-	-	66,700
Total assets		<u>187</u>	<u>5,884,697</u>	<u>6,656,489</u>	<u>8,039,403</u>	<u>32,698,493</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable		-	59,803	-	-	623,640
Due to Grantor government		-	-	-	-	1,731,845
Unearned revenue		-	-	-	-	7,864
Total liabilities		<u>-</u>	<u>59,803</u>	<u>-</u>	<u>-</u>	<u>2,363,349</u>
<b>FUND BALANCES:</b>						
Nonspendable		-	-	-	-	66,700
Restricted		-	5,585,218	-	-	14,820,342
Assigned		187	239,676	6,656,489	8,039,403	15,513,779
Unassigned		-	-	-	-	(65,677)
Total fund balances		<u>187</u>	<u>5,824,894</u>	<u>6,656,489</u>	<u>8,039,403</u>	<u>30,335,144</u>
Total liabilities and fund balances		<u>\$ 187</u>	<u>\$ 5,884,697</u>	<u>\$ 6,656,489</u>	<u>\$ 8,039,403</u>	<u>\$ 32,698,493</u>

See accompanying notes to supplementary information.



**AZUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Student Activity</u> <u>Fund</u>	<u>Adult Education</u> <u>Fund</u>	<u>Child</u> <u>Development</u> <u>Fund</u>
<b>REVENUES:</b>			
Federal sources	\$ -	\$ 185,471	\$ -
Other state sources	-	1,678,748	2,343,280
Other local sources	<u>364,595</u>	<u>27,454</u>	<u>88,944</u>
Total revenues	<u>364,595</u>	<u>1,891,673</u>	<u>2,432,224</u>
<b>EXPENDITURES:</b>			
Current			
Instruction	-	855,903	966,906
Instruction related services			
Supervision of instruction	-	-	213,304
School site administration	-	585,637	162,751
Pupil services			
Food services	-	-	25,200
All other pupil services	-	149,992	-
Administration			
All other general administration	-	70,001	80,646
Plant services	-	70,822	31,183
Ancillary services	397,780	-	-
Facilities acquisition and construction	-	-	-
Enterprises activities	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>397,780</u>	<u>1,732,355</u>	<u>1,479,990</u>
Excess (deficiency) of revenues over expenditures	<u>(33,185)</u>	<u>159,318</u>	<u>952,234</u>
Net change in fund balance	<u>(33,185)</u>	<u>159,318</u>	<u>952,234</u>
Fund balance - beginning of year	281,519	800,183	63,743
<i>Restatement</i>	<u>59,945</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year, <i>restated</i>	<u>341,464</u>	<u>800,183</u>	<u>63,743</u>
Fund balance - end of year	<u>\$ 308,279</u>	<u>\$ 959,501</u>	<u>\$ 1,015,977</u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Cafeteria Fund</u>	<u>Capital Facilities Fund</u>	<u>State School Building Lease Purchase Fund</u>
<b>REVENUES:</b>			
Federal sources	\$ 5,229,747	\$ -	\$ -
Other state sources	2,186,246	-	-
Other local sources	<u>197,899</u>	<u>257,358</u>	<u>9</u>
Total revenues	<u>7,613,892</u>	<u>257,358</u>	<u>9</u>
<b>EXPENDITURES:</b>			
Current			
Instruction	-	-	-
Instruction related services			
Supervision of instruction	-	-	-
School site administration	-	-	-
Pupil services			
Food services	6,167,985	-	-
All other pupil services	-	-	-
Administration			
All other general administration	161,746	-	-
Plant services	-	-	-
Ancillary services	-	-	-
Facilities acquisition and construction	-	-	-
Enterprises activities	-	-	-
Debt service:			
Principal	-	206,000	-
Interest	-	<u>120,373</u>	-
Total expenditures	<u>6,329,731</u>	<u>326,373</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,284,161</u>	<u>(69,015)</u>	<u>9</u>
Net change in fund balance	<u>1,284,161</u>	<u>(69,015)</u>	<u>9</u>
Fund balance - beginning of year	4,663,706	1,651,562	178
<i>Restatement</i>	-	-	-
Fund balance - beginning of year, <i>restated</i>	<u>4,663,706</u>	<u>1,651,562</u>	<u>178</u>
Fund balance - end of year	<u>\$ 5,947,867</u>	<u>\$ 1,582,547</u>	<u>\$ 187</u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>County School Facilities Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>
<b>REVENUES:</b>		
Federal sources	\$ -	\$ -
Other state sources	5,587,733	-
Other local sources	<u>395,146</u>	<u>625,705</u>
Total revenues	<u>5,982,879</u>	<u>625,705</u>
<b>EXPENDITURES:</b>		
Current		
Instruction	-	-
Instruction related services		
Supervision of instruction	-	-
School site administration	-	-
Pupil services		
Food services	-	-
All other pupil services	-	-
Administration		
All other general administration	-	-
Plant services	-	295,774
Ancillary services	-	-
Facilities acquisition and construction	4,793,239	4,087,347
Enterprises activities	-	-
Debt service:		
Principal	-	-
Interest	<u>-</u>	<u>-</u>
Total expenditures	<u>4,793,239</u>	<u>4,383,121</u>
Excess (deficiency) of revenues over expenditures	<u>1,189,640</u>	<u>(3,757,416)</u>
Net change in fund balance	<u>1,189,640</u>	<u>(3,757,416)</u>
Fund balance - beginning of year	4,635,254	10,413,905
<i>Restatement</i>	<u>-</u>	<u>-</u>
Fund balance - beginning of year, <i>restated</i>	<u>4,635,254</u>	<u>10,413,905</u>
Fund balance - end of year	<u><u>\$ 5,824,894</u></u>	<u><u>\$ 6,656,489</u></u>

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Bond Interest and Redemption Fund	Nonmajor Governmental Funds
<b>REVENUES:</b>		
Federal sources	\$ -	\$ 5,415,218
Other state sources	43,088	11,839,095
Other local sources	9,211,735	11,168,845
Total revenues	9,254,823	28,423,158
<b>EXPENDITURES:</b>		
Current		
Instruction	-	1,822,809
Instruction related services		
Supervision of instruction	-	213,304
School site administration	-	748,388
Pupil services		
Food services	-	6,193,185
All other pupil services	-	149,992
Administration		
All other general administration	-	312,393
Plant services	-	397,779
Ancillary services	-	397,780
Facilities acquisition and construction	-	8,880,586
Enterprises activities	-	-
Debt service:		
Principal	4,816,646	5,022,646
Interest	4,974,383	5,094,756
Total expenditures	9,791,029	29,233,618
Excess (deficiency) of revenues over expenditures	(536,206)	(810,460)
Net change in fund balance	(536,206)	(810,460)
Fund balance - beginning of year	8,575,609	31,085,659
<i>Restatement</i>	-	59,945
Fund balance - beginning of year, <i>restated</i>	8,575,609	31,145,604
Fund balance - end of year	\$ 8,039,403	\$ 30,335,144

See accompanying notes to supplementary information.

**AZUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2024**

**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards (SEFA)**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, change in fund balance, or cash flows of the District.

**Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the *modified accrual* basis of accounting. When applicable, such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Indirect Cost Rate**

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

**Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. On June 30, 2024, the District had \$20,446 food commodities in inventory.

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46206. The District must maintain their instructional minutes at 1986-87 requirements, as required by *Education Code* Section 46201.

**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.

**AZUSA UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 1 - PURPOSE OF SCHEDULES - CONT'D**

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

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

**Local Education Agency Organization Structure**

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

## OTHER INFORMATION

**AZUSA UNIFIED SCHOOL DISTRICT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2024**

Azusa Unified School District was established in 1961 and consists of an area comprising approximately 150 square miles. The District operates eleven elementary schools, three middle schools, two high schools, and two alternative education schools. There were no boundary changes during the year.

The Board of Education and the District Administrators on June 30, 2024, were as follows:

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Yolanda Rodriguez-Pena	President	2024
Gabriela Arellanes	Vice President	2026
Adrian Greer	Member	2026
Sabrina Bow, Ed.D.	Member	2024
Sandra Benavides	Clerk	2026

**DISTRICT ADMINISTRATORS**

Arturo Ortega  
*Superintendent*

Norma Carvajal-Camacho  
*Assistant Superintendent, Educational Services*

Latasha D. Jamal  
*Assistant Superintendent, Business Services*

Jorge A. Ronquillo  
*Assistant Superintendent, Human Resources*



## COMPLIANCE SECTION

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

To the Board of Education  
Azusa Unified School District  
Azusa, 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 Azusa Unified School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Harshmal & Company LLP*

San Diego, California  
December 19, 2024

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

To the Board of Education  
Azusa Unified School District  
Azusa, California

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

***Opinion on Each Major Federal Program***

We have audited Azusa Unified School District (the "District")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the District's federal programs.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the District as of and for the year ended June 30, 2024 and have issued our report thereon dated December 19, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Harshmal & Company LLP*

San Diego, California  
December 19, 2024

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 2023-2024 *GUIDE FOR ANNUAL AUDITS OF K-12 LOCAL EDUCATION AGENCIES AND STATE COMPLIANCE REPORTING***

To the Board of Education  
Azusa Unified School District  
Azusa, California

**Report on State Compliance**

**Opinion on State Compliance**

We have audited Azusa Unified School District's (the "District") compliance with the types of compliance requirements described in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of the District's state programs for the year ended June 30, 2024, as identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state programs for the year ended June 30, 2024.

**Basis for Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, California Code of Regulations, section 19810 (the "K-12 Audit Guide"). Our responsibilities under those standards and the K-12 Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

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

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

In performing an audit in accordance with GAAS, *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 the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, No such opinion is expressed.
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<b>2023-24 K-12 Audit Guide Procedures</b>	<b>Procedures Performed</b>
<b>Local Education Agencies other than Charter Schools</b>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	No, See below
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratios of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	No, See below
K. GANN Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Not Applicable
N. Middle or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Not Applicable
R. Comprehensive School Safety Plan	Yes
S. District of Choice	No, See below
TT. Home to School Transportation Reimbursement	Yes



**2023-24 K-12 Audit Guide Procedures**

**Procedures  
Performed**

**School Districts, County Offices of Education, and Charter Schools**

T.	Proposition 28 Arts and Music in Schools	Yes
U.	After/Before School Education and Safety Program	
	General Requirements	Yes
	After School	Yes
	Before School	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Course Based	No, See below
Z.	Immunizations	No, See below
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	No, See below
DZ.	Expanded Learning Opportunity Program	Yes
EZ.	Transitional Kindergarten	Yes

**Charter Schools**

AA.	Attendance	No, see below
BB.	Mode of Instruction	No, see below
CC.	Nonclassroom-Based Instruction/Independent Study	No, see below
DD.	Determination of Funding for Nonclassroom-Based Instruction	No, see below
EE.	Annual Instructional Minutes - Classroom Based	No, see below
FF.	Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study, and Independent Study Course Based because ADA was below the threshold required for testing.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

The District does not offer an Immunizations Program; therefore, we did not perform any procedures related to the Immunization Program.

The District does not offer any Career Technical Education Incentive Grant; therefore, we did not perform any procedure related to Career Technical Education Incentive Grant Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

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

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

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

### **Purpose of This Report**

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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Harshmal & Company LLP*

San Diego, California  
December 19, 2024

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
• Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No
Identification of major federal programs:	

<i>Assistance Listing Number (ALN)</i>	<i>Name of Major Federal Program or Cluster</i>
84.425	Education Stabilization Fund (ESF) Cluster
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**State Awards**

Internal control over state programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for state programs:	Unmodified

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS**

<b><u>FIVE DIGIT CODE</u></b>	<b><u>AB 3627 FINDING TYPE</u></b>
20000	Inventory of Equipment
30000	Internal Control

There were no findings related to the financial statements for the fiscal year ended June 30, 2024.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**FIVE DIGIT CODE**  
50000

**AB 3627 FINDING TYPE**  
Federal Compliance

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2024.

**AZUSA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

<b>FIVE DIGIT CODE</b>	<b>AB 3627 FINDING TYPE</b>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2024.

**AZUSA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings reported in prior year.