

**STOCKTON UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2024

STOCKTON UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2024

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STOCKTON UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Stockton Unified School District  
Stockton, California

**Report on the Audit of the Financial Statements*****Opinions***

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

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stockton Unified School 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 Stockton Unified School 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.

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(Continued)

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stockton Unified School 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 Stockton Unified School 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 to 15 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 61 to 66 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 Stockton Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information 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, except for that portion marked "unaudited," 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 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Information**

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page 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 13, 2024 on our consideration of Stockton Unified School 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 Stockton Unified School 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 Stockton Unified School District's internal control over financial reporting and compliance.

  
Crowe LLP

Sacramento, California  
December 13, 2024



## Management's Discussion and Analysis

An overview of the Stockton Unified School District's financial activities for the fiscal year ended June 30, 2024, is presented in this discussion and analysis of the District's financial position and performance.

This Management Discussion and Analysis should be read in conjunction with the District's financial statements, including notes and supplementary information, which immediately follow this section.

### Financial Highlights

- At June 30, 2024, the total net position of the District was \$459.8 million, an increase of \$105.1 million from the prior year.
- Total government-wide revenue for the 2024 fiscal year was \$948.4 million. Expenditures totaled \$843.2 million. The difference of \$105.1 million accounts for the increase to the District's total net position.
- Capital assets, net of depreciation, increased by \$7.8 million during the year. This includes the completion of a number of projects previously in the Construction in Progress account.
- At June 30, long-term debt totaled \$1.23 billion.

### Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, supplementary information and findings and recommendations. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The fund financial statements can be further broken down into three types:

- *Governmental funds statements*, which tell how basic services, such as regular and special education, were financed in the short-term, as well as what remains for future spending.
- *Proprietary funds statements*, offering short and long-term financial information about the activities the District operates like a business, such as the self-insurance fund.
- *Fiduciary funds statements*, providing information about the financial relationships in which the District acts solely as trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year

The chart below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

### Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: self-insurance and retiree benefits.	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Change in Fund Balances	Statement of Net Position – Proprietary Fund  Statement of Change in Net Position – Proprietary Fund  Statement of Cash Flows – Proprietary Fund	Statement of Fiduciary Net Position  Statement of Change in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid



## Government-wide Statements

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

The two government-wide statements report the change to the District's net position. Net position, the difference between the District's assets and liabilities, is one way to measure financial health. Over time, increases or decreases to the net position indicate whether the District's financial condition is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's school buildings and other facilities.

In the government-wide financial statements, the District's activities are reported as Governmental activities. Most of the District's services are included here, such as regular and special education, transportation, and administration. Funding received from the State of California through the Local Control Funding Formula (LCFF), along with special funding received from the federal and state governments, finance most of these activities. The LCFF will be discussed more fully later in this report.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

There are three types of funds that the District utilizes:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps in the determination of whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
  - *Internal Service funds* are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund – the self-insurance fund.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance operations.

## Financial Analysis of the District as a Whole

The computation of District net position at June 30, 2024 and 2023 is presented by category in the table below:

	Government-Wide Activities		Year Over Year Change
	2024	2023	
<b>Assets</b>			
Cash and investments	\$ 861,145,189.00	\$ 780,007,320.00	\$ 81,137,869
Receivables	88,605,015.00	104,073,891.00	\$ (15,468,876)
Prepaid expenses	11,357.00	2,561.00	\$ 8,796
Stores inventory	859,603.00	985,297.00	\$ (125,694)
Non-depreciable capital assets	103,351,398.00	101,638,330.00	\$ 1,713,068
Capital assets, net of depreciation	685,537,563.00	677,772,723.00	\$ 7,764,840
Total Assets	1,739,510,125.00	1,664,480,122.00	\$ 75,030,003
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions	165,358,349	141,957,189	23,401,160
Deferred outflows of resources - OPEB	6,260,344	7,170,444	(910,100)
Deferred loss from refunding of debt	17,688,218	19,193,338	(1,505,120)
Total Deferred Outflows	189,306,911	168,320,971	20,985,940
<b>Liabilities</b>			
Accounts payable	118,254,265	170,615,035	(52,360,770)
Other current liabilities	23,222,552	34,939,694	(11,717,142)
Long-term liabilities	1,230,832,256	1,158,838,151	71,994,105
Total Liabilities	1,372,309,073	1,364,392,880	7,916,193
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions	53,962,000	81,275,000	(27,313,000)
Deferred inflows of resources - OPEB	42,681,725	32,409,763	10,271,962
Total Deferred Inflows	96,643,725	113,684,763	(17,041,038)
<b>Net Position</b>			
Net investment in capital assets	408,626,638	381,293,137	27,333,501
Restricted	409,989,746	322,528,553	87,461,193
Unrestricted	(358,752,146)	(349,098,240)	(9,653,906)
Total net position	\$ 459,864,238	\$ 354,723,450	\$ 105,140,788

Total assets and deferred outflows increased by a net \$96 million during the 2024 fiscal year. Of this total, cash and receivables increased by a net \$65.7 million and total capital assets increased by a net \$7.8 million. Deferred outflows of resources increased by a net \$21 million. Capital assets are discussed in more detail later in this Management Discussion and Analysis report.

Total liabilities and deferred inflows of resources decreased by \$9 million. Long-term debt increased by \$71.9 million. Deferred inflows decreased by \$17 million. Long-term debt is discussed in detail in a later section of this report.

The net increase to assets and deferred outflows of 96 million, reduced by the decrease of \$9 million to liabilities and deferred inflows, results in an increase to the District's net position at June 30, 2024 of approximately \$105.1 million.

A summary of total District revenues, expenses, and change in net position is presented in the table below.

	Government-Wide Activities		Year Over
	2024	2023	Year Change
<b>Revenues - Program</b>			
Charges for Services	\$ 1,838,705	\$ 1,509,736	\$ 328,969
Operating Grants and Contributions	337,201,379	315,156,615	22,044,764
Capital Grants and Contributions	-	-	-
<b>Revenues - General</b>			
Unrestricted Federal and State Aid	444,414,444	439,792,230	4,622,214
Taxes Levied for General Purposes	88,530,135	78,189,372	10,340,763
Taxes Levied for Debt Service	44,558,662	41,252,688	3,305,974
Taxes Levied for Other Specific Purposes	3,556,143	3,140,907	415,236
Interest and Investment Earnings	18,677,279	8,004,349	10,672,930
Other General Revenues	9,653,046	9,059,430	593,616
Total revenues	948,429,793	896,105,327	52,324,466
<b>Expenses</b>			
Instruction	563,276,227	438,020,640	125,255,587
Pupil and Instructional Services	136,774,620	103,931,978	32,842,642
General Administration	23,363,422	33,698,711	(10,335,289)
Plant Services	87,466,573	63,296,824	24,169,749
Ancillary Serv., Enterprise Activ., Other	7,005,751	9,769,282	(2,763,531)
Outgo, and Interest on Long-Term Liab.	25,402,412	28,885,347	(3,482,935)
Total Expenses	843,289,005	677,602,782	165,686,223
Increase in Net Position	105,140,788	218,502,545	(113,361,757)
Net Position, July 1, as restated for GASB 84	354,723,450	136,220,905	218,502,545
Net Position, June 30	459,864,238	354,723,450	105,140,788

For the 2023-24 fiscal year, total District revenues were \$948.4 million. Total District expenses were \$843.2 million. The difference, \$105.1 million, is an increase to net position at June 30, 2024.

A main source of revenue for the District is the State Aid portion of the Local Control Funding Formula, which is included in the Unrestricted Federal and State Aid total. These funds are based on Average Daily Attendance (ADA), the fractional proportion of the number of days a student attends school to the number of days the student is enrolled. Supplemental and Concentration grants, based on the percentage of English learners, free and reduced meal eligible students, and foster students, are also available through the LCFF.

Enrollment in Grades K-12, not including the District's dependent charter schools, decreased during the 2023-24 year when compared with the prior school year. Enrollment at the end of the second school month was 32,410 students, a decrease of 903 students from the 2022-2023 year.

Average Daily Attendance (ADA) also showed a decrease during the 2023-24 year. The ADA for the Second Principal Apportionment (P-2) period totaled 31,074, a decrease of 598 ADA from the prior fiscal year. The District is continuing to work to improve student attendance.

## Financial Analysis of the District's Funds

At June 30, 2024 the District had twelve governmental funds reporting a combined fund balance of \$728.3 million, an increase of \$116.7 million over the prior year. Of these funds, five had revenues which exceeded expenditures, and the remaining funds showed expenditures exceeding revenues. The following table details the fund balances of the individual governmental funds.

### Governmental Funds – Fund Balance

Governmental Funds - Fund Balance	Fund Balance - June 30,		Year Over Year Change
	2024	2023	
General Fund	\$ 415,338,655	\$ 366,856,608	\$ 48,482,047
Student Activity Fund	1,149,480	2,903,905	\$ (1,754,425)
Charter Schools Special Revenue Fund	59,807,345	45,957,587	\$ 13,849,758
Adult Education Fund	378,698	636,422	\$ (257,724)
Child Development Fund	4,258,924	1,822,884	\$ 2,436,040
Cafeteria Special Revenue Fund	15,849,793	17,025,885	\$ (1,176,092)
Deferred Maintenance fund	710,077	716,739	\$ (6,662)
Building Fund	155,754,261	111,246,559	\$ 44,507,702
Capital Facilities Fund	11,741,689	10,223,886	\$ 1,517,803
Special Reserve for Capital Outlay Projects	12,025,127	13,188,234	\$ (1,163,107)
Bond Interest and Redemption Fund	31,846,168	16,982,129	\$ 14,864,039
Debt Service Fund	19,424,634	24,015,148	\$ (4,590,514)
Totals	\$ 728,284,851	\$ 611,575,986	\$ 116,708,865

### General Fund – Revenue and Expenditure Analysis

The table below displays unaudited actual General Fund revenue by major category for fiscal year 2024, along with the increase or decrease from fiscal year 2023 and breakdowns by percentage. The table does not include transfers in and other financing sources.

General Fund			
FY-2024 Actual	Percent Of Total	Increase (Decrease) from FY-2023	Percent Increase or (Decrease)

#### Revenues:

LCFF Sources	\$476,698,212	60.7%	\$18,038,957	3.78%
Federal Revenue	114,214,770	14.5%	13,905,613	12.17%
Other State Revenue	164,558,257	21.0%	(470,539)	-0.29%
Other Local Revenue	<u>29,862,432</u>	<u>3.8%</u>	<u>7,340,345</u>	24.58%
Total Revenues	<u>\$785,333,671</u>	<u>100.00%</u>	<u>\$38,814,376</u>	4.94%

Expenditures for the General Fund are reflected in the following table by major expenditure category. The table does not include Transfers Out and Other Financing Uses.

General Fund					
	FY-2024 Actual	Percent Of Total	Increase (Decrease) from FY-2023	Percent Increase or (Decrease)	
Expenditures:					
Certificated Salaries	\$ 258,401,591	35.14%	\$ 32,988,242	4.49%	
Classified Salaries	140,452,463	19.10%	47,113,204	6.41%	
Employee Benefits	194,635,537	26.47%	17,647,325	2.40%	
Books and Supplies	42,249,546	5.75%	13,214,623	1.80%	
Services, Other Operating Expenses	87,528,225	11.90%	22,756,029	3.09%	
Capital Outlay	11,010,986	1.50%	8,984,538	1.22%	
Other Outgo/Dir. Supp./	1,097,186	0.15%	84,594	0.01%	
Indirect Costs					
Total Expenditures	\$ 735,375,534	100.00%	\$ 142,788,555		

### General Fund - Budgetary Highlights

The District's 2024 General Fund operating budget was adopted by the Governing Board in June of 2023. As adopted, budgeted revenues totaled \$831 million and budgeted expenditures totaled \$906 million. This resulted in a planned deficit of \$75 million due to spending of one-time funding.

Several formal revisions were made to the budget during the year. These revisions fell into three main categories:

- Increases to both estimated income and appropriations due to the receipt of new grant awards or donations.
- The budgeting of carryover balances from prior years. It is District policy to not budget expenditure totals carried over from a prior year until after the unaudited actual balances for that year have been calculated.
- Increases in appropriations to prevent budget overruns.

Capital assets and outstanding debt at June 30, 2024 are analyzed on the next pages.

## Capital Asset and Debt Administration

### Capital Assets at Year-End (Net of Depreciation)

	Government-Wide Activities	
	2024	2023
Land	\$ 36,080,997	\$ 36,080,997
Improvement of Sites	12,665,866	13,121,482
Buildings	662,277,708	655,736,039
Equipment	10,593,989	8,915,202
Construction in Progress	67,270,401	65,557,333
Totals	<u>\$ 788,888,961</u>	<u>\$ 779,411,053</u>

The table above reflects capital assets, net of depreciation, at June 30, 2024 and 2023. The District uses an asset capitalization threshold of \$50,000, except where federal funds are used to purchase the asset and then the capitalization threshold is \$5,000. Depreciation on each capitalized asset has been calculated using the straight-line method over applicable useful lives. Depreciation expense on completed assets totaled \$17.4 million for the 2023-2024 fiscal year. The amount shown for Construction in Progress represents expenditures for projects currently in the construction phase. Depreciation is not taken on these assets until a project is completed.

Capital assets, net of depreciation, increased by \$9.5 million during the year. At the end of the 2023-24 year, total funds expended on projects in the construction phase totaled \$67.3 million.

Further information regarding capital assets can be found in note 4 to the financial statements.

### Outstanding Debt at Year-End

	Government-Wide Activities	
	2024	2023
General Obligation Bonds, including Premiums	\$ 527,296,769	\$ 500,519,799
Accreted Interest	64,526,405	57,508,913
Certificates of Participation, including Premiums	26,408,033	28,038,014
Net Pension Liability	458,811,000	411,039,000
Total OPEB Liability	128,575,149	135,258,849
Compensated Absences	2,849,900	2,720,576
Total	<u>\$ 1,208,467,256</u>	<u>\$ 1,135,085,151</u>

At June 30, 2024, long-term debt was \$1.21 billion. This represents an increase of \$73.4 million over the prior year.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and dates for future debt retirement.

## Economic Factors and Next Year's Budgets and Rates

The 2023-24 Stockton Unified School District budget has been developed with all components of the proposal presented by Governor Gavin Newsom in January of 2024 and any applicable May Revise and Adopted Budget adjustments.

In January of 2024, Governor Newsom proposed changes in the statutory COLA. The budget called for an 0.76% statutory Cost of Living Adjustment (COLA). During Governor budget May revision, statutory COLA was increased from 0.76% to 1.07%.

<u>Item</u>	<u>Governor's Budget</u>	<u>May Revision</u>
2023- 24 Statutory COLA	0.76%	1.07%

At the state level, the education funding plan centers on the Local Control Funding Formula. Base grants, allocated on grade spans for all students, and supplemental and concentration grants targeted to specific student groups, provide the main source of state revenue. Funding under the LCFF is designed to allow more flexibility for school leaders to determine, with input from parents and other local stakeholders, how the state funding will be used to improve student achievement and better assure that a student will graduate from high school and be college and career ready.

Besides providing more local control and local accountability, the LCFF emphasizes equity and provides additional funding for targeted disadvantaged students: English learners, students eligible to receive a free or reduced-price meal, or foster youth. Districts with these student groups receive a supplemental grant equal to 20 percent of the base grant for each eligible student, and a concentration grant equal to 50 percent of the base grant for targeted students exceeding 55 percent of a school district's total student enrollment.

Included as part of the LCFF is a requirement for school districts to develop, adopt, and then update on an annual basis a three-year Local Control and Accountability Plan (LCAP) using a template adopted by the California Board of Education. The LCAP is required to identify annual goals, specific actions, and measure student progress across eight performance areas, including student academic achievement, school climate, student access to a broad curriculum, and parent engagement. Parent and public input is required in developing, revising, and updating the LCAP. The academic priorities of the LCAP must be aligned to the district's spending plan found in the annual budget. The District met with parents and the public, school personnel and bargaining units, and local civic leaders to develop the LCAP. After many meetings and several public hearings, the Governing Board adopted the District's LCAP in June of 2024.

An important consideration when preparing a budget, whether for the State of California or for a local school district, is the unstable nature of state revenues because of reliance on the top one percent of taxpayers, a group that is not growing, and on sales and income taxes for the marginal dollar, not the less volatile property tax. Add to that the possibility of an economic downturn, where the question is not if it will happen, but when. All of this points to the need for careful budgeting and management of available funds. For Stockton Unified, the assessment of present needs, balanced against the uncertainty of future revenue streams, will be imperative as the District plans the educational programs for our students.

The annual state appropriation provided to increase LCFF funding is the sole determinant of changes in school district LCFF revenues. The statutory COLA of 1.07% has been funded and no additional revenue will be available for school districts for LCFF purposes.

The tables below show LCFF funding by grade span.

**LCFF - Base Grant Entitlements – Target Funding**

As designed, school districts receive a base grant allocation calculated by grade span: K-3, 4-6, 7-8, and 9-12.

<b>Factors</b>	<b>Gr. K-3</b>	<b>Gr. 4-6</b>	<b>Gr. 7-8</b>	<b>Gr. 9-12</b>
2023- 24 Base Grant per ADA	\$ 9,919	\$ 10,069	\$ 10,367	\$ 12,015
Statutory COLA of 1.07%	\$ 106	\$ 108	\$ 111	\$ 129
2023-24 Base Grants	\$ 10,025	\$ 10,177	\$ 10,478	\$ 12,144

**LCFF – K-3 CSR Adjustments – Target Funding**

In addition to the base grant, school districts receive adjustments for class size reduction by grade span (GSA) at grades K-3 and grades 9-12. These adjustments are percentages of the base grant amounts, as shown in the following table.

<b>Factors</b>	<b>Gr. K-3</b>	<b>Gr. 4-6</b>	<b>Gr. 7-8</b>	<b>Gr. 9-12</b>
2023- 24 Base Grant per ADA	\$ 10,025	\$ 10,177	\$ 10,478	\$ 12,144
Adjustment Percentage (GSA)	\$ 1,043	\$ -	\$ -	\$ 316
2023- 24 Adjusted Base Grant per ADA	\$ 11,068	\$ 10,177	\$ 10,478	\$ 12,460

**LCFF – Supplemental and Concentration Grants per ADA – Target Funding**

Increases to supplemental and concentration grants are calculated based on the percentage of total enrollment accounted for by English learners, free and reduced meal (FRPM) program eligible students, and foster youth.

<b>Factors</b>	<b>Gr. K-3</b>	<b>Gr. 4-6</b>	<b>Gr. 7-8</b>	<b>Gr. 9-12</b>
2023- 24 Adjusted Base Grant per ADA	\$ 11,068	\$ 10,177	\$ 10,478	\$ 12,460
20% Supplemental Grant per ADA (Total UPP)	\$ 2,214	\$ 2,035	\$ 2,096	\$ 2,492
50% Concentration Grant per ADA (UPP Above 55%)	\$ 5,534	\$ 5,089	\$ 5,239	\$ 6,230



The critical assumptions used in preparing the District's 2023-24 General Fund budget is described in more detail below.

### **Student Enrollment and Enrollment Projections**

One of the economic factors affecting the school District's future outlook and growth potential is enrollment. Enrollment represents the number of students registered to attend schools within the District's boundaries. Attendance represents those students actually coming to school each day, with revenue coming to the District based on the average daily attendance, or ADA. Additional revenue can be generated from average daily attendance when a greater number of students attend District schools. However, if enrollment is lower, the District receives less of this general-purpose revenue. At the end of the second attendance month of the 2023-24 school year, enrollment in District schools, including charter schools, totals 34,511.

In planning a viable budget, the preparation of accurate enrollment projections is critical for an adequate staffing of teacher corps, providing proper classroom facilities and order ample books and supplies to meet the needs of District students. Stockton Unified continues to be vigilant in monitoring and projecting student enrollment. Work continues to refine methods in projecting the expected enrollment to allow for better planning of the educational program and control over operational costs.

In summary, student enrollment is the lifeblood of the District. Stockton Unified continues to work to provide educational programs which stimulate student learning and allows the District to retain the current student population and attract additional students.

### **Salaries and Benefits**

Salaries and benefits are subject to negotiations each year based on collective bargaining agreements. Most school districts negotiate based on "total compensation" which consists of salaries and benefits. Total compensation generally refers to increases in salaries and health benefits. The District anticipates that pressure to increase salary compensation and health benefits will continue over the next few years. Currently, the District allocates 86.0% of the General Fund expenditure budget, not including other financing sources and uses, toward salary and health benefit costs. The District controls salary costs in a number of ways, including monitoring and prioritizing the recruitment of authorized positions in the budget, issuing hiring freezes when necessary, and restricting the use of additional and overtime pay. The District will continue to use prudence in discussions with employee bargaining groups regarding the adjustment of employee salaries.

In addition, the District has to assume increases in expenses due to step and column changes. Stockton Unified is obligated to provide additional employee compensation for each bargaining unit contract which has additional experience (years worked) and/or additional education (post-secondary degree program) credits.

### **Health Rates**

The cost of health care is expected to increase over the next few years. The District continues to work with the employee bargaining groups to explore ways of maintaining acceptable levels of health care at affordable costs. One way is through the use of "soft caps" to control the health care costs borne by the District and by individual employees. A maximum amount, or cap, is established for what the District pays towards health care coverage. Individual employees are responsible for paying the difference. These amounts are periodically adjusted to recognize increases in health care rates. This allows for a sharing of cost increases and provides the opportunity to evaluate ways of reducing costs while maintaining coverage levels.

### **Fund Balance**

The fund balance represents yearly differences between revenues and expenditures. The operational results of the District either add to or reduce from the fund balance. Additionally, the fund balance is either unrestricted or restricted. An unrestricted fund balance means that unspent dollars are left to the District's discretion. On the other hand, restricted dollars are not left to the District's discretion and are restricted based on guidelines established by the State Department of Education.

Additionally, a "Reserve for Economic Uncertainties" for unforeseen emergencies is required of districts by the State Department of Education. The reserve for this Stockton Unified is based on 3% of the total General Fund expenditures. Setting aside a state required reserve means that the District has fewer dollars available for operational areas. It also means that a reserve balance is available if the District must address an unplanned financial situation. It is not anticipated that the state's "cap" on the amount a school district can reserve will be triggered during the 2023-24 year.

### **Conclusion**

As the Stockton Unified School District approaches the 2024-25 school year, staff acknowledges that they have a formidable task facing them. Proper planning and foresight will be required for the District to balance financial resources with educational goals and objectives. School site staff, central office employees, and District administration are prepared to meet the goal of providing an educational program that will empower our students to gain the knowledge necessary to progress through life as informed and productive citizens.

### **Contacting the District's Financial Management**

This financial report is designed to provide our parents, citizens, taxpayers, 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 any questions regarding this report or need additional financial information, contact Mrs. Joann Juarez, Interim Chief Business Official, Stockton Unified School District, 56 South Lincoln Street, Stockton, CA 95203.

## **BASIC FINANCIAL STATEMENTS**

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2024

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 861,145,189
Receivables	88,605,015
Prepaid expenses	11,357
Stores inventory	859,603
Non-depreciable capital assets (Note 4)	103,351,398
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>685,537,563</u>
Total assets	<u>1,739,510,125</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pensions (Notes 9 and 10)	165,358,349
Deferred outflows of resources - OPEB (Note 7)	6,260,344
Deferred loss from refunding of debt	<u>17,688,218</u>
Total deferred outflows	<u>189,306,911</u>
<b>LIABILITIES</b>	
Accounts payable	118,254,265
Claims liability, current (Note 5)	6,055,000
Unearned revenue	17,167,552
Long-term liabilities:	
Claims liability, less current portion (Note 5)	22,365,000
Due within one year (Note 6)	32,562,006
Due after one year (Note 6)	<u>1,175,905,250</u>
Total liabilities	<u>1,372,309,073</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions (Notes 9 and 10)	53,962,000
Deferred inflows of resources - OPEB (Note 7)	<u>42,681,725</u>
Total deferred inflows	<u>96,643,725</u>
<b>NET POSITION</b>	
Net investment in capital assets	408,626,638
Restricted:	
Legally restricted programs	269,985,365
Capital projects	23,766,816
Debt service	51,270,802
Self-insurance	64,966,763
Unrestricted	<u>(358,752,146)</u>
Total net position	<u><u>\$ 459,864,238</u></u>

See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
Governmental activities:					
Instruction	\$ 463,481,109	\$ 484,171	\$ 172,197,335	\$ -	\$ (290,799,603)
Instruction-related services:					
Supervision of instruction	50,583,287	28,215	31,125,079	-	(19,429,993)
Instructional library, media and technology	2,059,333	42	741,964	-	(1,317,327)
School site administration	47,152,498	2,208	8,632,866	-	(38,517,424)
Pupil services:					
Home-to-school transportation	24,818,454	136	1,314,584	-	(23,503,734)
Food services	32,786,596	15,918	36,356,426	-	3,585,748
All other pupil services	79,169,570	24,997	28,677,442	-	(50,467,131)
General administration:		-			
Data processing	6,304,833	-	614,773	-	(5,690,060)
All other general administration	17,058,589	6,552	12,064,996	-	(4,987,041)
Plant services	87,466,573	24,792	21,522,170	-	(65,919,611)
Ancillary services	6,929,286	-	2,016,649	-	(4,912,637)
Enterprise activities	76,465	-	-	-	(76,465)
Interest on long-term liabilities	23,229,226	-	-	-	(23,229,226)
Other outgo	2,173,186	1,251,674	21,937,095	-	21,015,583
Total governmental activities	<u>\$ 843,289,005</u>	<u>\$ 1,838,705</u>	<u>\$ 337,201,379</u>	<u>\$ -</u>	<u>(504,248,921)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					88,530,135
Taxes levied for debt service					44,558,662
Taxes levied for other specific purposes					3,556,143
Federal and state aid not restricted to specific purposes					444,414,444
Interest and investment earnings					18,677,279
Interagency revenues					2,242,836
Miscellaneous					7,410,210
Total general revenues					<u>609,389,709</u>
Change in net position					<u>105,140,788</u>
Net Position, July 1, 2023					<u>354,723,450</u>
Net position, June 30, 2024					<u>\$ 459,864,238</u>

See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2024

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments:					
Cash in County Treasury	\$ 465,502,280	\$ 141,991,240	\$ 47,214,762	\$ 96,582,809	\$ 751,291,091
Cash on hand and in banks	-	-	-	1,312,306	1,312,306
Cash in revolving fund	63,912	-	-	2,662	66,574
Cash with Fiscal Agent	1,843,460	-	-	10,945,634	12,789,094
Receivables	70,645,648	3,031,959	1,360,244	12,453,113	87,490,964
Prepaid expenditures	11,357	-	-	-	11,357
Due from other funds	3,840,914	14,039,194	211,259	14,426,101	32,517,468
Stores inventory	531,619	-	-	327,984	859,603
	<u>542,439,190</u>	<u>159,062,393</u>	<u>48,786,265</u>	<u>136,050,609</u>	<u>886,338,457</u>
Total assets	<u>\$ 542,439,190</u>	<u>\$ 159,062,393</u>	<u>\$ 48,786,265</u>	<u>\$ 136,050,609</u>	<u>\$ 886,338,457</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 99,185,493	\$ 3,298,771	\$ 1,859,992	\$ 3,938,717	\$ 108,282,973
Unearned revenue	14,239,717	-	-	2,927,835	17,167,552
Due to other funds	13,675,325	9,361	15,080,105	3,838,290	32,603,081
	<u>127,100,535</u>	<u>3,308,132</u>	<u>16,940,097</u>	<u>10,704,842</u>	<u>158,053,606</u>
Total liabilities	<u>127,100,535</u>	<u>3,308,132</u>	<u>16,940,097</u>	<u>10,704,842</u>	<u>158,053,606</u>
Fund balances:					
Nonspendable	606,888	-	-	330,646	937,534
Restricted	187,831,048	155,754,261	31,846,168	125,015,121	500,446,598
Committed	56,245,202	-	-	-	56,245,202
Assigned	111,909,962	-	-	-	111,909,962
Unassigned	58,745,555	-	-	-	58,745,555
	<u>415,338,655</u>	<u>155,754,261</u>	<u>31,846,168</u>	<u>125,345,767</u>	<u>728,284,851</u>
Total fund balances	<u>415,338,655</u>	<u>155,754,261</u>	<u>31,846,168</u>	<u>125,345,767</u>	<u>728,284,851</u>
Total liabilities and fund balances	<u>\$ 542,439,190</u>	<u>\$ 159,062,393</u>	<u>\$ 48,786,265</u>	<u>\$ 136,050,609</u>	<u>\$ 886,338,457</u>

See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET –  
TO THE STATEMENT OF NET POSITION  
June 30, 2024

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Total fund balances - Governmental Funds	\$ 728,284,851
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,137,404,592 and the accumulated depreciation is \$348,515,631 (Note 4).	788,888,961
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2024 consisted of (Note 6):

General Obligation Bonds and premium	\$ (527,296,769)	
Accreted interest	(64,526,405)	
Certificates of Participation and premium	(26,408,033)	
Net pension liability (Notes 9 and 10)	(458,811,000)	
Total OPEB liability (Note 7)	(128,575,149)	
Compensated absences	(2,849,900)	
		(1,208,467,256)

In the governmental funds, interest on long-term liabilities 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 occurred.	(6,472,267)
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In governmental funds, deferred losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	17,688,218
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In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating the total OPEB liability and net pension liability are reported (Notes 7, 9 and 10).

Deferred outflows of resources relating to pensions	\$ 165,358,349	
Deferred outflows of resources relating to OPEB	6,260,344	
Deferred inflows of resources relating to pensions	(53,962,000)	
Deferred inflows of resources relating to OPEB	(42,681,725)	
		74,974,968

Internal service funds are used to conduct certain activities for which cost are charged to other funds. Assets and liabilities are reported within the governmental activities in the Statement of Net Position.	64,966,763
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Total net position - governmental activities	\$ 459,864,238
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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2024

	General Fund	Building Fund	(formerly nonmajor) Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding					
Formula (LCFF):					
State apportionment	\$ 404,265,936	\$ -	\$ -	\$ 30,695,336	\$ 434,961,272
Local sources	72,432,276	-	-	-	72,432,276
Total LCFF	476,698,212	-	-	30,695,336	507,393,548
Federal sources	114,214,770	-	-	36,506,724	150,721,494
Other state sources	164,558,257	11,403,354	279,509	25,368,843	201,609,963
Other local sources	29,862,432	5,711,739	44,745,746	7,715,926	88,035,843
Total revenues	785,333,671	17,115,093	45,025,255	100,286,829	947,760,848
Expenditures:					
Current:					
Certificated salaries	258,401,591	-	-	20,609,315	279,010,906
Classified salaries	140,452,463	-	-	14,277,832	154,730,295
Employee benefits	194,635,537	-	-	20,237,929	214,873,466
Books and supplies	42,249,546	2,749,683	-	19,598,793	64,598,022
Contract services and operating expenditures	87,528,225	4,910,185	-	6,718,561	99,156,971
Other outgo	1,097,186	-	-	1,076,000	2,173,186
Capital outlay	11,010,986	13,677,523	-	2,878,393	27,566,902
Debt service:					
Principal retirement	-	-	21,830,000	1,410,000	23,240,000
Interest	-	-	20,454,097	1,208,000	21,662,097
Total expenditures	735,375,534	21,337,391	42,284,097	88,014,823	887,011,845
Excess (deficiency) of revenues over (under) expenditures	49,958,137	(4,222,298)	2,741,158	12,272,006	60,749,003
Other financing (uses) sources:					
Transfers in	987,641	-	-	3,533,731	4,521,372
Transfers out	(2,463,731)	-	(1,070,000)	(987,641)	(4,521,372)
Proceeds from issuance of bonds	-	48,730,000	137,290,000	-	186,020,000
Debt issuance premiums	-	-	21,961,007	-	21,961,007
Deposit to refunding escrow	-	-	(152,021,145)	-	(152,021,145)
Total other financing (uses) sources	(1,476,090)	48,730,000	6,159,862	2,546,090	55,959,862
Net change in fund balances	48,482,047	44,507,702	8,901,020	14,818,096	116,708,865
Fund balances, July 1, 2023	366,856,608	111,246,559	-	133,472,819	611,575,986
Change within the reporting entity	-	-	22,945,148	(22,945,148)	-
Fund balances, July 1, 2023, adjusted	366,856,608	111,246,559	22,945,148	110,527,671	611,575,986
Fund balances, June 30, 2024	\$ 415,338,655	\$ 155,754,261	\$ 31,846,168	\$ 125,345,767	\$ 728,284,851

See accompanying notes to financial statements.



STOCKTON UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

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Net change in fund balances - Total Governmental Funds	\$ 116,708,865
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	26,885,725
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(17,407,817)
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities.	(186,020,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	169,531,028
In governmental funds, debt issued at a premium is recognized as other financing source. In the government-wide statements, debt issued at a premium is amortized as interest over the life of the debt (Note 6).	(8,658,017)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	(1,505,120)
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(7,017,492)
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period incurred.	1,235,285
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a cost recovery basis The change in net position for the Self-Insurance Fund was:	13,073,857
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs actual employer contributions was (Notes 6, 9 and 10):	2,942,161

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

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In governmental funds, OPEB costs are recognized when employers contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis (Notes 7).	\$ (4,498,363)
In governmental funds, expenditures are measured by the amounts of financial resources used. In the statement of activities, expenditures related to compensated absences are measured by the amount of financial resources used (Note 6).	<u>(129,324)</u>
Change in net position of governmental activities	<u>\$ 105,140,788</u>

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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND  
June 30, 2024

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**ASSETS**

Cash and investments:	
Cash in County Treasury	\$ 94,918,325
Cash with Fiscal Agent	767,270
Cash in Revolving Fund	529
Receivables	1,114,051
Due from other funds	<u>85,613</u>
Total current assets	<u>96,885,788</u>

**LIABILITIES**

Accounts payable	3,499,025
Claims liability, current	<u>6,055,000</u>
Total current liabilities	9,554,025
Claims liability, less current portion	<u>22,365,000</u>
Total liabilities	<u>31,919,025</u>

**NET POSITION**

Restricted for self-insurance	<u><u>\$ 64,966,763</u></u>
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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2024

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Operating revenue:	
Self-insurance premiums	\$ 24,603,509
Other state and local sources	<u>727,655</u>
Total revenue	<u>25,331,164</u>
Operating expenses:	
Classified salaries	278,569
Employee benefits	151,058
Contract services	<u>16,102,477</u>
Total operating expenses	<u>16,532,104</u>
Operating income	8,799,060
Non-operating income:	
Interest income	<u>4,274,797</u>
Change in net position	13,073,857
Total net position, July 1, 2023	<u>51,892,906</u>
Total net position, June 30, 2024	<u><u>\$ 64,966,763</u></u>

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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2024

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**Cash flows from operating activities:**

Cash received from self-insurance premiums	\$ 24,305,514
Cash received from other local and state sources	727,655
Cash paid for salaries and benefits	(429,627)
Cash paid for employee benefit claims	(11,881,000)
Cash paid for other expenses	<u>(4,394,186)</u>

Net cash provided by operating activities	<u>8,328,356</u>
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**Cash flows provided by non-capital financing activities:**

Net transfers from other funds	<u>(2,418,487)</u>
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**Cash flows provided by investing activities:**

Interest income received	<u>4,274,797</u>
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Increase in cash and investments	10,184,666
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Cash and investments, July 1, 2023	<u>85,501,458</u>
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<b>Cash and investments, June 30, 2024</b>	<b><u><u>\$ 95,686,124</u></u></b>
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Reconciliation of operating income to net cash provided by operating activities:

Operating income	<u>\$ 8,799,060</u>
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Adjustments to reconcile operating income to net cash provided by operating activities:

Increase in receivables	(297,995)
Increase in accounts payable and claims liability	<u>(172,709)</u>

Total adjustments	<u>(470,704)</u>
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<b>Net cash provided by operating activities</b>	<b><u><u>\$ 8,328,356</u></u></b>
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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST FUND  
June 30, 2024

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	Scholarship <u>Trust</u>
<b>ASSETS</b>	
Cash on hand and in bank (Note 2)	\$ <u>767,213</u>
<b>NET POSITION</b>	
Restricted for scholarships	\$ <u><u>767,213</u></u>

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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
TRUST FUND  
For the Year Ended June 30, 2024

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	Scholarship <u>Trust</u>
Additions:	
Contributions	\$ 45,473
	<u>                    </u>
Deductions:	
Contract service and operating expenditures	77,994
	<u>                    </u>
Change in net position	(32,521)
Net position, July 1, 2023	799,734
	<u>                    </u>
Net position, June 30, 2024	\$ 767,213
	<u>                    </u>

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See accompanying notes to financial statements.

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

Stockton Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District, Stockton Unified School District Community Facilities District No. 1 (the "CFD") and Stockton Unified School District Financing Corporation (the "Corporation") have a financial and operational relationship which meet the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the CFD and the Corporation as component units of the District. Therefore, the financial activities of the CFD and the Corporation have been included in the basic financial statements of the District as a Blended Component Unit.

The following are those aspects of the relationship between the District, the CFD and the Corporation which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 criteria:

**A - Manifestations of Oversight**

1. The CFD's and Corporation's Board of Directors were appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent and Chief Business Official function as agents of the Corporation. Neither individual received additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the CFD and the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the CFD and the Corporation.

**B - Accounting for Fiscal Matters**

1. All major financing arrangements, contracts, and other transactions of the CFD and the Corporation must have the consent of the District.
2. Any deficits incurred by the CFD and the Corporation will be reflected in the lease payments of the District. Any surpluses of the CFD and the Corporation revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the CFD and the Corporation.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the CFD and the Corporation.

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(Continued)



STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C - Scope of Public Service and Financial Presentation**

1. The CFD and the Corporation were created for the sole purpose of financially assisting the District.
2. The CFD is a legally constituted governmental entity, established under the authority of the Mello-Roos Community Facilities Act of 1982. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The CFD and the Corporation were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD and the Corporation facilities. When the CFD's and the Corporation's long-term liabilities have been paid with state reimbursements and the District's developer fees, title of all CFD and the Corporation property will pass to the District for no additional consideration.
3. The CFD's financial activity is presented in the financial statements as the Debt Service Fund. The Corporation's financial activity is presented in the financial statements as the Capital Facilities Fund.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

*Program revenues:* Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

*Allocation of indirect expenses:* The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**A - Major Funds**

*General Fund* - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

*Building Fund* - The Building Fund is a capital project fund used to account for resources used for the acquisition or construction of capital facilities by the District.

*Bond Interest and Redemption Fund* - The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**B - Other Funds**

*Special Revenue Funds* - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Student Activity, Charter School, Adult Education, Child Development, Cafeteria, and Deferred Maintenance Funds.

*Capital Projects Funds* - Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities and Special Reserve for Capital Outlay Projects Funds.

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for an interest sinking fund associated with the District's General Obligation Bond debt.

*Self-Insurance Fund* - The Self-Insurance Fund is a proprietary fund used to account for services rendered on a cost-reimbursement basis within the District. The Self-Insurance Fund is used to provide workers' compensation and property and general liability insurance coverage for employees of the District.

*Scholarship Trust Fund* - The Scholarship Trust Fund is a fiduciary fund which is used to account for assets that held by the District as Trustee.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Operating Revenues: Operating revenues are those revenues that are generated directly from the primary activity of the District's proprietary fund, the Self-Insurance Fund. For the District, this includes Insurance Premiums recorded on a cost-reimbursement basis from other funds of the District. All revenues not meeting this definition within the internal service fund are reported as non-operating revenues.

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was necessary as of June 30, 2024.

Stores Inventory: Inventories are valued at average cost and consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$50,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow related to a deferred loss on refunding of the District's debt. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Also, the District has recognized a deferred outflow of resources related to the recognition of the total OPEB liability and net pension liability.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and total OPEB liability.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 96,902,410	\$ 68,455,939	\$ 165,358,349
Deferred inflows of resources	\$ 42,672,000	\$ 11,290,000	\$ 53,962,000
Net pension liability	\$ 261,122,000	\$ 197,689,000	\$ 458,811,000
Pension expense	\$ 58,670,142	\$ 33,141,771	\$ 91,811,913

Compensated Absences: Compensated absences totaling \$2,849,900 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self-insurance represents the portion of net position restricted for the District's self-insured activities. The restriction for scholarships represents the portion of net position restricted for student scholarships. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

**A - Nonspendable Fund Balance:**

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

**B - Restricted Fund Balance:**

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

**C - Committed Fund Balance:**

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance.

**D - Assigned Fund Balance:**

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances. At June 30, 2024 the Board of Education has designated the Chief Business Official with the authority to assign fund balances.

**E - Unassigned Fund Balance:**

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2024, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before November 15 and March 15. Unsecured property taxes are due in one installment on or before August 31. The County of San Joaquin bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. All encumbrances are liquidated as of June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments at June 30, 2024 are reported at fair value and consisted of the following:

	Governmental Activities			Fiduciary Activities
	Governmental Funds	Proprietary Fund	Total	
Pooled Funds:				
Cash in County Treasury	\$ 751,291,091	\$ 94,918,325	\$ 846,209,416	\$ -
Deposits:				
Cash on hand and in banks	1,312,306	-	1,312,306	767,213
Cash in revolving fund	66,574	529	67,103	-
Investments:				
Cash with Fiscal Agent	12,789,094	767,270	13,556,364	-
Total cash and cash investments	<u>\$ 765,459,065</u>	<u>\$ 95,686,124</u>	<u>\$ 861,145,189</u>	<u>\$ 767,213</u>

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Joaquin County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value 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.

Deposits - Custodial Credit Risk - Deposits: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2024, the carrying amount of the District's accounts was \$2,146,622 and the bank balance was \$2,592,996. Total uninsured bank balances were \$2,342,996.

Investments: The Cash with Fiscal Agent in the Governmental Funds represents debt proceeds that have been set aside for capital projects and the repayment of long-term liabilities. These amounts are held by a third-party custodian in the District's name as cash held in banks.

The Cash with Fiscal Agent in the Proprietary Fund represents cash segregated for the future payment of self-insured benefits. These amounts are held by a third-party custodian in the District's name as cash held in banks.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2024, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no concentration of credit risk.

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 3 - INTERFUND TRANSACTIONS**

Interfund Activity: Transactions between funds of the District are recorded as transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the funds which incur payroll costs, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2024 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 3,840,914	\$ 13,675,325
Building	14,039,194	9,361
Bond Interest and Redemption	211,259	15,080,105
Non-Major Funds:		
Charter School	3,369	1,877,182
Adult Education	-	372,947
Child Development	41,343	69,486
Cafeteria	3,813	200,558
Deferred Maintenance	2,053,788	1,318,117
Capital Facilities	2,000,000	-
Special Reserve for Capital Outlay Projects	9,253,788	-
Debt Service	1,070,000	-
Proprietary Fund:		
Self-Insurance	<u>85,613</u>	<u>-</u>
Totals	<u>\$ 32,603,081</u>	<u>\$ 32,603,081</u>

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(Continued)



STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 3 - INTERFUND TRANSACTIONS** (Continued)

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2023-2024 fiscal year were as follows:

Transfer from the General Fund to the Capital Facilities Fund for support of debt service on the District's Certificates of Participation.	\$ 2,000,000
Transfer from the General Fund to the Adult Education Fund for support of operations of the Adult Education operations.	463,731
Transfer from the Bond Interest and Redemption Fund to the Debt Service Fund for the annual sinking fund deposit.	1,070,000
Transfer from the Charter School Fund to the General Fund for indirect costs.	62,711
Transfer from the Adult Education Fund to the General Fund for indirect costs.	122,947
Transfer from the Child Development Fund to the General Fund for indirect costs.	502,029
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	<u>299,954</u>
	<u><u>\$ 4,521,372</u></u>

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 4 - CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2024 is shown below:

	Balance July 1, 2023	Transfers and Additions	Transfers and Deductions	Balance June 30, 2024
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 36,080,997	\$ -	\$ -	\$ 36,080,997
Work-in-process	65,557,333	24,916,744	(23,203,676)	67,270,401
Depreciable:				
Buildings	955,573,669	21,696,880	-	977,270,549
Site improvements	21,800,678	177,211	-	21,977,889
Equipment	31,506,190	3,298,566	-	34,804,756
Totals, at cost	<u>1,110,518,867</u>	<u>50,089,401</u>	<u>(23,203,676)</u>	<u>1,137,404,592</u>
Less accumulated depreciation:				
Buildings	(299,837,630)	(15,155,211)	-	(314,992,841)
Site improvements	(8,679,196)	(632,827)	-	(9,312,023)
Equipment	(22,590,988)	(1,619,779)	-	(24,210,767)
Total accumulated depreciation	<u>(331,107,814)</u>	<u>(17,407,817)</u>	<u>-</u>	<u>(348,515,631)</u>
Capital assets, net	<u>\$ 779,411,053</u>	<u>\$ 32,681,584</u>	<u>\$ (23,203,676)</u>	<u>\$ 788,888,961</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 16,698,738
Home-to-school transportation	312,452
Food services	186,877
All other general administration	100,223
Centralized data processing	54,941
Plant services	<u>54,586</u>
Total depreciation expense	<u>\$ 17,407,817</u>

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 5 - RISK MANAGEMENT/CLAIMS LIABILITIES**

The District has established a Self-Insurance Fund to account for employee vision benefits, employee dental benefits and workers' compensation plans. The employee vision and dental plans are self-insured and contracted with a third-party administrator for benefits processing. Until July 31, 1998 and from July 1, 2001 through June 30, 2005, the workers' compensation plan provided coverage up to \$250,000 and purchased excess insurance for claims over the retained coverage limit. Between August 1, 1998 and June 30, 2001, and from July 1, 2005 onward, the District purchased insurance for the workers' compensation coverage.

The liability for unpaid claims and claim adjustment expenses represents the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These claims will be paid in future years.

District management recomputes the liability annually using available updated claims data. Every three years, the District contracts with an actuary who performs an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The last actuarial studies for the District's self-insured programs were completed as of June 30, 2024. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The liabilities for unpaid claims and claim adjustment expenses are as follows:

	June 30, <u>2023</u>	June 30, <u>2024</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 25,278,000	\$ 30,135,000
Total incurred claims and claim adjustment expenses	10,780,640	10,166,000
Total payments	<u>(5,923,640)</u>	<u>(11,881,000)</u>
Total unpaid claims and claim adjustment expenses at the end of the year	<u>\$ 30,135,000</u>	<u>\$ 28,420,000</u>

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 6 - LONG-TERM LIABILITIES**

General Obligation Bonds: On December 17, 2009, the District issued Election of 2008 General Obligation Bonds, Series B, Qualified School Construction Bonds (2008 Series B), totaling \$16,040,000. The 2008 Series B bonds bear interest at a rate of 2.19% and are scheduled to mature through fiscal year 2026.

On July 22, 2010, the District issued Election of 2008 General Obligation Bonds, Series C, Qualified School Construction Bonds (2008 Series C), totaling \$14,930,000. The 2008 Series C bonds bear coupon rates from 5.17% to 7.08% and are scheduled to mature through fiscal year 2028.

On June 2, 2011, the District issued Election of 2008 General Obligation Bonds, Series D (2008 Series D), totaling \$56,146,497. The 2008 Series D bonds were issued as Capital Appreciation Bonds, with interest compounding on February 1 and August 1, to maturity. The 2008 Series D bonds bear interest at rates ranging from 5.89% to 7.72% and are scheduled to mature through fiscal year 2051.

On November 6, 2012, the District issued 2012 General Obligation Refunding Bonds (2012 Refunding), totaling \$43,570,000. The 2012 Refunding was issued to refund the remaining maturities of the District's Series 2001, Series 2003 and Series 2004 General Obligation Bonds. During the year ended June 30, 2024, all remaining maturities of the 2012 Refunding bonds were refunded through the issuance of the 2023 Refunding - Series A bonds. As of June 30, 2024, the 2023 Refunding bonds are considered defeased and have been fully repaid.

On March 6, 2014, the District issued Election of 2012 General Obligation Bonds, Series A (2012 Series A), totaling \$65,000,000. During the year ended June 30, 2024, certain maturities of the 2012 Series A bonds totaling \$25,470,000 were refunded through the issuance of the 2023 Refunding - Series B bonds. Additional maturities of the 2012 Series A bonds were refunded totaling \$30,715,000 through the issuance of the 2024 Refunding bonds. As of June 30, 2024, all refunded maturities are considered defeased and have been fully repaid. The unrefunded maturities 2012 Series A bonds bear interest at 5.0% and mature on August 1, 2024.

On September 11, 2014, the District issued 2014A General Obligation Refunding Bonds (2014A Refunding), totaling \$35,620,000. During the year ended June 30, 2024, certain maturities of the 2014A Refunding bonds totaling \$14,415,000 were refunded through the issuance of the 2023 Refunding - Series B bonds. Additional maturities of the 2014A Refunding bonds were refunded totaling \$17,750,000 through the issuance of the 2024 Refunding bonds. As of June 30, 2024, all refunded maturities are considered defeased and have been fully repaid. The unrefunded 2014A Refunding bonds bear interest at 5.0% and mature on August 1, 2024.

On December 17, 2015, the District issued Election of 2012 General Obligation Bonds, Series B (2012 Series B), totaling \$30,000,000. The 2012 Series B bonds bear interest at rates ranging from 3.0% to 5.0% and are scheduled to mature through fiscal year 2041.

On February 2, 2016, the District issued 2016 General Obligation Refunding Bonds (2016 Refunding) totaling \$128,285,000. The 2016 Refunding was issued to refund all outstanding maturities of the District's Series 2006, Series 2007, and 2008 Series A Bonds. During the year ended June 30, 2024, certain maturities of the 2016 Refunding bonds totaling \$37,385,000 were refunded through the issuance of the 2023 Refunding - Series B bonds. As of June 30, 2024, all refunded maturities are considered defeased and have been fully repaid. The unrefunded 2016 Refunding bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through August 1, 2033.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

On October 23, 2018, the District issued Election of 2012 General Obligation Bonds, Series C (2012 Series C), totaling \$61,000,000. The 2012 Series C bonds bear interest at rates ranging from 3.75% to 5.00% and are scheduled to mature through fiscal year 2044.

On November 19, 2019, the District issued Election of 2018 Series A General Obligation Bonds (2018 Series A) totaling \$30,000,000. The 2018 Series A bonds bear interest at rates ranging from 2.5% to 5.0% and are scheduled to mature through August 2046.

On October 26, 2021, the District issued Election of 2018 Series B General Obligation Bonds (2018 Series B) totaling \$98,000,000. The 2018 Series B bonds were issued as current interest bonds and bear interest at rates ranging from 0.20% to 4.00%, with maturities through August 2046.

On December 14, 2023, the District issued Election of 2014, Series B General Obligation Bonds (2014 Series B Bonds) totaling \$20,350,000. The 2014 Series B Bonds bear interest at 5.0% and are scheduled to mature in varying amounts through August 1, 2028.

On December 14, 2023, the District issued Election of 2018 Series C General Obligation Bonds (2018 Series C Bonds), totaling \$28,380,000. The 2018 Series C Bonds bear interest at 5.0% and are scheduled to mature in varying amounts through August 1, 2036.

On December 14, 2023, the District issued 2023 General Obligation Refunding Bonds - Series A (2023 Refunding - Series A), totaling \$20,735,000. The 2023 Refunding - Series A Bonds were issued to refund all outstanding maturities of the District's 2012 Refunding Bonds, totaling \$21,065,000. The 2023 Refunding - Series A Bonds bear interest at 5.0% and mature through January 1, 2029. As of June 30, 2024, the refunded maturities of the 2012 Refunding Bonds are considered defeased and have been fully repaid.

The refunding resulted in the recognition of an accounting loss of \$1,100,057 for the year ended June 30, 2024, but the District in effect reduced its aggregate debt service payments by \$1,015,417 over the next 17 years and obtained an economic gain of \$888,342.

On December 14, 2023, the District issued 2023 General Obligation Refunding Bonds - Series B (2023 Refunding - Series B) totaling \$72,925,000. The 2023 Refunding - Series B bonds were issued to refund certain outstanding maturities of the 2012 Series A, 2014A Refunding, and 2016 Refunding Bonds, in the amounts of \$25,470,000, \$14,415,000, and \$37,385,000, respectively. The 2023 Refunding - Series B Bonds bear interest at 5.0% and are scheduled to mature in varying amounts through August 1, 2040.

The refunding resulted in the recognition of an accounting loss of \$10,446,545 for the year ended June 30, 2024, but the District in effect reduced its aggregate debt service payments by \$10,287,918 over the next 17 years and obtained an economic gain of \$7,043,496.

On May 14, 2024, the District issued 2024 General Obligation Refunding Bonds (2024 Refunding) totaling \$43,630,000. The 2024 Refunding bonds were issued to refund certain outstanding maturities of the 2012 Series A and 2014A Refunding Bonds, in the amounts of \$30,715,000 and \$17,750,000, respectively. The 2024 Refunding Bonds bear interest at 5.0% and are scheduled to mature in varying amounts through August 1, 2042.

The refunding resulted in the recognition of an accounting loss of \$7,014,536 for the year ended June 30, 2024, but the District in effect reduced its aggregate debt service payments by \$7,436,235 over the next 17 years and obtained an economic gain of \$4,267,713.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

A summary of General Obligation Bonds payable as of June 30, 2024 follows:

<u>Series</u>	<u>Interest Rates %</u>	<u>Current Maturity Year</u>	<u>Balance</u>	<u>Current Year</u>	<u>Matured</u>	<u>Balance</u>
			<u>July 1, 2023</u>	<u>Issuance</u>	<u>Current Year</u>	<u>June 30, 2024</u>
2008 Series B	2.19%	2026	\$ 16,040,000	\$ -	\$ -	\$ 16,040,000
2008 Series C	5.17-7.08%	2028	6,465,000	-	1,245,000	5,220,000
2008 Series D	5.89-7.72%	2051	43,622,363	-	496,028	43,126,335
2012 Refunding	3.00-5.00%	2024	21,065,000	-	21,065,000	-
2012 Series A	5.00%	2025	57,635,000	-	56,835,000	800,000
2014A Refunding	5.00%	2025	33,830,000	-	32,945,000	885,000
2012 Series B	3.00-5.00%	2041	22,340,000	-	625,000	21,715,000
2016 Refunding	2.00-5.00%	2034	95,510,000	-	44,590,000	50,920,000
2012 Series C	3.75-5.00%	2044	56,000,000	-	900,000	55,100,000
2018 Series A	2.50-5.00%	2047	23,750,000	-	650,000	23,100,000
2018 Series B	0.20-4.00%	2047	86,500,000	-	4,250,000	82,250,000
2014 Series B	5.00%	2029	-	20,350,000	-	20,350,000
2018 Series C	5.00%	2037	-	28,380,000	-	28,380,000
2023 Refunding - Series A	5.00%	2029	-	20,735,000	4,520,000	16,215,000
2023 Refunding - Series B	5.00%	2041	-	72,925,000	-	72,925,000
2024 Refunding Bonds	5.00%	2043	-	43,630,000	-	43,630,000
Total			<u>\$ 462,757,363</u>	<u>\$ 186,020,000</u>	<u>\$ 168,121,028</u>	<u>\$ 480,656,335</u>

The annual requirements to amortize the General Obligation Bonds Payable and outstanding as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 24,276,368	\$ 18,575,422	\$ 42,851,790
2026	42,535,307	19,365,848	61,901,155
2027	25,387,899	18,062,329	43,450,228
2028	28,259,674	19,309,952	47,569,626
2029	25,654,289	20,249,026	45,903,315
2030-2034	110,977,714	79,473,110	190,450,824
2035-2039	101,483,543	55,873,028	157,356,571
2040-2044	81,327,321	36,745,100	118,072,421
2045-2049	26,381,715	24,535,295	50,917,010
2050-2051	14,372,505	3,654,375	18,026,880
	<u>\$ 480,656,335</u>	<u>\$ 295,843,485</u>	<u>\$ 776,499,820</u>

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

Certificates of Participation (COPs): In February 2018, the District issued Certificates of Participation in the amount of \$30,270,000 with interest rates from 4.00% to 5.00%, maturing on February 1, 2036. The proceeds of 2018 Certificates were used to provide funds to refund the 2007 Certificates.

Annual requirements to amortize the COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,475,000	\$ 1,137,500	\$ 2,612,500
2026	1,550,000	1,063,750	2,613,750
2027	1,630,000	986,250	2,616,250
2028	1,710,000	904,750	2,614,750
2029	1,800,000	819,250	2,619,250
2030-2034	10,435,000	2,653,250	13,088,250
2035-2036	4,150,000	294,500	4,444,500
	<u>\$ 22,750,000</u>	<u>\$ 7,859,250</u>	<u>\$ 30,609,250</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2024 is shown below:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
<u>Debt:</u>					
General Obligation Bonds	\$ 462,757,363	\$ 186,020,000	\$ 168,121,028	\$ 480,656,335	\$ 24,276,368
General Obligation Bonds Premium	37,762,436	21,961,007	13,083,009	46,640,434	1,401,416
Accreted interest	57,508,913	7,526,464	508,972	64,526,405	1,028,631
Certificates of Participation	24,160,000	-	1,410,000	22,750,000	1,475,000
Certificates of Participation Premium	3,878,014	-	219,981	3,658,033	230,816
<u>Other long-term liabilities</u>					
Net pension liability (Notes 9 and 10)	411,039,000	47,772,000	-	458,811,000	-
Total OPEB liability (Note 7)	135,258,849	-	6,683,700	128,575,149	4,149,775
Compensated absences	2,720,576	129,324	-	2,849,900	-
	<u>\$1,135,085,151</u>	<u>\$ 263,408,795</u>	<u>\$ 190,026,690</u>	<u>\$1,208,467,256</u>	<u>\$ 32,562,006</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the total OPEB liability, net pension liability and compensated absences are made from the fund for which the related employee worked.

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS**

*General Information about the District's Other Postemployment Benefits (OPEB) Plan*

Plan Description: In addition to the pension benefits described in Notes 9 and 10, the District provides a single-employer defined benefit healthcare plan to all employees who retire from the District on or after attaining age 55 with at least 10 years of service, in accordance with contracts between the District and employee groups. Benefits are provided for retirees from age 55 to 65. The District pays up to \$1,095 per month for health benefits of retirees on a pay-as-you-go basis. The Plan does not issue separate financial statements.

The Stockton Unified School District's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the District's retirement plan to continue medical, dental and vision coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2024 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2024:

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	789
Active Employees	<u>3,024</u>
	<u><u>3,813</u></u>

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployment health care benefits.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$4,378,838 for the year ended June 30, 2024. Employees are not required to contribute to the OPEB plan.

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(Continued)



STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2024, as determined by an actuarial valuation as of that date.

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

<u>Mortality Rate</u>	2020 CalSTRS Mortality for Certificated Employees. 2021 CalPERS Mortality for others.
<u>Discount Rate</u>	3.93%. Based on the Bond Buyer 20 Bond Index.
<u>Healthcare Trend Rate</u>	4.00% per year
<u>Retirement Rate</u>	Retirement rates march rates developed in The most recent experience studies for CalPERS (2021) and CalSTRS (2020).
<u>Inflation Rate</u>	2.50% per year
<u>Salary Increases</u>	2.75% per year
<u>Spouse Coverage</u>	80% of retirees are assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality. Female spouses are assumed to be three years younger than male.
<u>Medicare Coverage</u>	All current and future participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B at age 65.
<u>Participation Rates</u>	Of current and future participating retirees under Age 65, 90% are expected to participate in the Plan. 70% of employees are expected to participate in Medicare upon reaching age 65.
<u>Costs for Retiree Coverage</u>	Retiree liabilities are based on actual retiree premiums plus an implicit rate subsidy of 30.9% of non-Medicare medical premium. Liabilities for active participants vary and are based on the first costs adjusted for an implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Changes in Total OPEB Liability*

	Total OPEB Liability
Balance at July 1, 2023	\$ 135,258,849
Changes for the year:	
Service cost	7,945,233
Interest	5,002,035
Benefit payments	(4,378,838)
Difference between actual and expected experience	(10,045,858)
Changes in assumptions	(5,206,272)
Net change	(6,683,700)
Balance at June 30, 2024	\$ 128,575,149

The change of assumptions in the June 30, 2024 measurement period included a change in the discount rate from 3.65% in the prior report, to 3.93% in the current report. In addition, the Retirement and Mortality Rates for non-certificated plan participants were updated for the 2021 CalPERS Retirement and Mortality tables.

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 percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 147,962,471	\$ 128,575,149	\$ 112,946,124

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Healthcare Cost Trend Rates Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 110,709,918	\$ 128,575,149	\$ 151,783,973

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*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 of \$8,877,200.

At June 30, 2024 the District reported the following deferred outflows of resources and deferred inflows of resources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in assumptions	\$ 6,260,344	\$ 19,154,256
Difference between expected and actual experience	<u>-</u>	<u>23,527,469</u>
	<u>\$ 6,260,344</u>	<u>\$ 42,681,725</u>

The deferred outflows of resources and deferred inflows of resources will be recognized into OPEB expense as follows:

Year Ending <u>June 30,</u>	
2025	\$ (4,070,068)
2026	\$ (4,070,068)
2027	\$ (4,070,068)
2028	\$ (4,070,070)
2029	\$ (4,228,873)
Thereafter	\$ (15,912,234)

Deferred outflows related to changes of assumptions and differences in experience which originated from the June 30, 2024 measurement are netted and amortized over a closed 11-year period.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 8 - FUND BALANCES**

Fund balances, by category, at June 30, 2024 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
<b>Nonspendable:</b>					
Revolving cash fund	\$ 63,912	\$ -	\$ -	\$ 2,662	\$ 66,574
Prepaid expenditures	11,357	-	-	-	11,357
Stores inventory	531,619	-	-	327,984	859,603
Subtotal nonspendable	606,888	-	-	330,646	937,534
<b>Restricted:</b>					
Legally restricted:					
Grants	187,831,048	-	-	-	187,831,048
Charter schools	-	-	-	59,806,763	59,806,763
Cafeteria	-	-	-	15,520,249	15,520,249
Deferred maintenance	-	-	-	710,077	710,077
Other programs	-	-	-	5,786,582	5,786,582
Capital projects	-	155,754,261	-	23,766,816	179,521,077
Debt service	-	-	31,846,168	19,424,634	51,270,802
Subtotal restricted	187,831,048	155,754,261	31,846,168	125,015,121	500,446,598
<b>Committed:</b>					
Future salaries, benefits, pension contributions, and other operational cost increases	56,245,202	-	-	-	56,245,202
<b>Assigned:</b>					
Safety	37,815,903	-	-	-	37,815,903
Facilities	22,389,805	-	-	-	22,389,805
Health and welfare	20,039,213	-	-	-	20,039,213
Declining enrollment	18,000,000	-	-	-	18,000,000
Lottery proceeds	9,065,041	-	-	-	9,065,041
COPs debt service	4,000,000	-	-	-	4,000,000
Classified School Employee Summer Assistance Program	600,000	-	-	-	600,000
Subtotal assigned	111,909,962	-	-	-	111,909,962
<b>Unassigned:</b>					
Designated for economic uncertainty	58,745,555	-	-	-	58,745,555
Total fund balances	\$ 415,338,655	\$ 155,754,261	\$ 31,846,168	\$ 125,345,767	\$ 728,284,851

(Continued)

## NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

### *General Information about the State Teachers' Retirement Plan*

**Plan Description:** Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the STRP may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com>.

**Benefits Provided:** The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

#### *CalSTRS 2% at 60*

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

#### *CalSTRS 2% at 62*

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046. Under the CalSTRS Funding Plan, authority to adjust contribution rates annually within approved ranges was delegated to the Board of CalSTRS.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan are as follows:

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2022-23.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2022, valuation adopted by the CalSTRS board in May 2023, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2023.

*Employers* – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

The CalSTRS Funding Plan authorizes the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023–24 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2023-2024 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2023	8.250%	10.850%	19.100%
July 1, 2024 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$46,229,410 to the plan for the fiscal year ended June 30, 2024.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

*State* – The state is required to contribute 10.828 percent of members' creditable compensation from the two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022–23 for a total contribution rate of 10.828%.

The CalSTRS state contribution rates effective for fiscal year 2023-24 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding<sup>(1)</sup></u>	<u>Total</u>
July 01, 2023	2.017%	6.311%	2.50%	10.828%
July 01, 2024 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The CalSTRS board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 261,122,000
State's proportionate share of the net pension liability associated with the District	<u>125,113,000</u>
Total	<u><u>\$ 386,235,000</u></u>

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2024, the District's proportion was 0.343 percent, which was an increase of 0.025 percent from its proportion at June 30, 2023.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

For the year ended June 30, 2024, the District recognized pension expense of \$58,670,142 and revenue of \$18,783,724 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,520,000	\$ 13,971,000
Changes of assumptions	1,512,000	-
Net differences between projected and actual earnings on investments	1,118,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	27,523,000	28,701,000
Contributions made subsequent to measurement date	<u>46,229,410</u>	<u>-</u>
Total	<u>\$ 96,902,410</u>	<u>\$ 42,672,000</u>

\$46,229,410 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2025	\$ (5,852,900)
2026	\$ (14,116,900)
2027	\$ 16,962,600
2028	\$ 232,267
2029	\$ 4,664,267
2030	\$ 6,111,666

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)



STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

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

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

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

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.

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 investment staff and investment consultants as inputs to the process.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

\* 20-year geometric average

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

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

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 438,012,000</u>	<u>\$ 261,122,000</u>	<u>\$ 114,195,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B**

*General Information about the Public Employer’s Retirement Fund B*

Plan Description: The schools’ cost-sharing multiple-employer defined benefit pension Public Employer’s Retirement Fund B (PERF B) plan is administered by the California Public Employees’ Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. The PERF B was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at CalPERS’ website.

Benefits Provided: The benefits for the defined benefit plans are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2024 were as follows:

*Members* - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2022-2023.

*Employers* - The employer contribution rate was 26.68 percent of applicable member earnings.

The District contributed \$29,740,939 to the PERF B plan for the fiscal year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$197,689,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2024 the District’s proportion was 0.546 percent, which was a decrease of 0.007 percent from its proportion at June 30, 2023.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

For the year ended June 30, 2024, the District recognized pension expense of \$33,141,771. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,214,000	\$ 3,036,000
Changes of assumptions	9,107,000	-
Net differences between projected and actual earnings on investments	21,116,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,278,000	8,254,000
Contributions made subsequent to measurement date	<u>29,740,939</u>	<u>-</u>
Total	<u>\$ 68,455,939</u>	<u>\$ 11,290,000</u>

\$29,740,939 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2025	\$ 6,741,750
2026	\$ 3,940,750
2027	\$ 16,085,250
2028	\$ 657,250

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.8 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

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

Valuation Date	June 30, 2022
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% 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 table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10 <sup>(1, 2)</sup></u>
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%	.27%
Mortgage-backed Securities	5.00%	.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%)

(1) An expected inflation rate of 2.30% used for this period

(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

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

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

In determining the long-term expected rate of return, 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.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 285,807,000	\$ 197,689,000	\$ 124,861,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 11 – JOINT POWERS AGREEMENTS**

The District participates in certain joint ventures under joint powers agreements, as follows:

Northern California Regional Liability Excess Fund: The District is a member with other districts in San Joaquin County and the San Joaquin County Office of Education in Northern California Regional Liability Excess Fund (NCRReLiEF) for the operation of a common risk management and insurance program. NCRReLiEF is governed by a board consisting of representatives of member districts. The board controls the operations of NCRReLiEF, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for NCRReLiEF for the year ended June 30, 2023 (the most recent information available) is as follows:

Total assets	\$ 81,707,224
Total liabilities	\$ 50,359,446
Total net position	\$ 31,347,778
Total revenues	\$ 90,877,513
Total expenditures	\$ 92,688,696
Change in net position	\$ (1,811,183)

Schools Association for Excess Risk: The District is a member with other districts in San Joaquin County and the San Joaquin County Office of Education in Schools Association for Excess Risk (SAFER) for the operation of a common risk management and insurance program. SAFER is governed by a board consisting of representatives of member districts. The board controls the operations of SAFER, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for SAFER for the year ended June 30, 2023 (the most recent information available) is as follows:

Total assets	\$ 35,643,366
Total liabilities	\$ 34,378,599
Total net position	\$ 1,264,767
Total revenues	\$ 135,988,000
Total expenditures	\$ 133,995,392
Change in net position	\$ 1,992,608

The relationship between the District and all Joint Powers Authorities is such that they are not component units of the District for financial reporting purposes.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

Construction Commitments: At June 30, 2024, the District had approximately \$31.5 million in outstanding commitments on construction contracts.



## **REQUIRED SUPPLEMENTARY INFORMATION**

STOCKTON UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2024

	<u>Budget</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 414,581,795	\$ 386,652,306	\$ 404,265,936	\$ 17,613,630
Local sources	<u>64,063,235</u>	<u>70,667,292</u>	<u>72,432,276</u>	<u>1,764,984</u>
Total LCFF	<u>478,645,030</u>	<u>457,319,598</u>	<u>476,698,212</u>	<u>19,378,614</u>
Federal sources	273,848,767	163,786,322	114,214,770	(49,571,552)
Other state sources	174,594,620	211,077,344	164,558,257	(46,519,087)
Other local sources	<u>7,350,472</u>	<u>10,132,343</u>	<u>29,862,432</u>	<u>19,730,089</u>
Total revenues	<u>934,438,889</u>	<u>842,315,607</u>	<u>785,333,671</u>	<u>(56,981,936)</u>
Expenditures:				
Current:				
Certificated salaries	218,610,492	154,472,884	258,401,591	(103,928,707)
Classified salaries	93,169,321	107,229,215	140,452,463	(33,223,248)
Employee benefits	174,337,905	195,773,469	194,635,537	1,137,932
Books and supplies	179,424,948	139,878,451	42,249,546	97,628,905
Contract services and operating expenditures	62,383,125	101,263,975	87,528,225	13,735,750
Other outgo	1,890,905	1,187,144	1,097,186	89,958
Capital outlay	<u>123,891,362</u>	<u>22,213,423</u>	<u>11,010,986</u>	<u>11,202,437</u>
Total expenditures	<u>853,708,058</u>	<u>722,018,561</u>	<u>735,375,534</u>	<u>(13,356,973)</u>
Excess of revenues over expenditures	<u>80,730,831</u>	<u>120,297,046</u>	<u>49,958,137</u>	<u>(70,338,909)</u>
Other financing sources (uses):				
Transfers in	1,503,801	1,503,801	987,641	(516,160)
Transfers out	<u>(500,000)</u>	<u>(1,054,921)</u>	<u>(2,463,731)</u>	<u>(1,408,810)</u>
Total other financing sources (uses)	<u>1,003,801</u>	<u>448,880</u>	<u>(1,476,090)</u>	<u>(1,924,970)</u>
Change in fund balance	81,734,632	120,745,926	48,482,047	(72,263,879)
Fund balance, July 1, 2023	<u>366,856,608</u>	<u>366,856,608</u>	<u>366,856,608</u>	-
Fund balance, June 30, 2024	<u>\$ 448,591,240</u>	<u>\$ 487,602,534</u>	<u>\$ 415,338,655</u>	<u>\$ (72,263,879)</u>

See note to required supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY  
For the Year Ended June 30, 2024

	Last 10 Fiscal Years						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB liability							
Service cost	\$ 6,189,624	\$ 6,375,313	\$ 6,566,572	\$ 10,148,926	\$ 10,521,252	\$ 7,913,401	\$ 7,945,233
Interest	4,359,219	4,573,330	4,776,856	3,021,151	3,210,076	4,616,880	5,002,035
Change of assumptions	-	1,588,048	8,503,065	812,973	(23,632,073)	(1,816,889)	(5,206,272)
Difference between actual and expected experience	-	-	(12,611,580)	-	(3,408,344)	-	(10,045,858)
Benefit payments	<u>(4,929,936)</u>	<u>(4,644,091)</u>	<u>(4,644,091)</u>	<u>(2,433,054)</u>	<u>(3,326,191)</u>	<u>(3,836,358)</u>	<u>(4,378,838)</u>
Net change in total OPEB liability	5,618,907	7,892,600	2,590,822	11,549,996	(16,635,280)	6,877,034	(6,683,700)
Total OPEB liability, beginning of year	<u>117,364,770</u>	<u>122,983,677</u>	<u>130,876,277</u>	<u>133,467,099</u>	<u>145,017,095</u>	<u>128,381,815</u>	<u>135,258,849</u>
Total OPEB liability, end of year	<u>\$ 122,983,677</u>	<u>\$ 130,876,277</u>	<u>\$ 133,467,099</u>	<u>\$ 145,017,095</u>	<u>\$ 128,381,815</u>	<u>\$ 135,258,849</u>	<u>\$ 128,575,149</u>
Covered employee payroll	\$ 250,000,000	\$ 282,877,000	\$ 279,600,000	\$ 303,796,000	\$ 271,727,000	\$ 284,323,000	\$ 270,582,000
Total OPEB liability as a percentage of covered-employee payroll	49.20%	46.27%	47.74%	47.74%	47.25%	47.57%	47.52%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. All years prior to 2018 are not available.

See note to required supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2024

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of the net pension liability	0.325%	0.320%	0.327%	0.317%	0.349%	0.382%	0.354%	0.323%	0.318%	0.343%
District's proportionate share of the net pension liability	\$ 189,746,000	\$ 215,767,000	\$ 264,825,000	\$ 292,854,000	\$ 320,787,000	\$ 344,902,000	\$ 342,746,000	\$ 147,036,000	\$ 220,684,000	\$ 261,122,000
State's proportionate share of the net pension liability associated with the District	<u>114,578,000</u>	<u>114,117,000</u>	<u>150,775,000</u>	<u>173,251,000</u>	<u>183,666,000</u>	<u>188,168,000</u>	<u>187,308,000</u>	<u>87,484,000</u>	<u>124,736,000</u>	<u>125,113,000</u>
Total net pension liability	<u>\$ 304,324,000</u>	<u>\$ 329,884,000</u>	<u>\$ 415,600,000</u>	<u>\$ 466,105,000</u>	<u>\$ 504,453,000</u>	<u>\$ 533,070,000</u>	<u>\$ 530,054,000</u>	<u>\$ 234,520,000</u>	<u>\$ 345,420,000</u>	<u>\$ 386,235,000</u>
District's covered payroll	\$ 144,623,000	\$ 148,755,000	\$ 163,180,000	\$ 179,689,000	\$ 187,383,000	\$ 201,146,000	\$ 190,968,000	\$ 178,356,000	\$ 185,638,000	\$ 229,672,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	162.98%	171.19%	171.47%	179.48%	82.44%	118.88%	113.69%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%

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

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2024

	Public Employer's Retirement Fund B Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of the net pension liability	0.503%	0.493%	0.474%	0.463%	0.511%	0.536%	0.584%	0.602%	0.553%	0.546%
District's proportionate share of the net pension liability	\$ 59,175,446	\$ 78,908,000	\$ 96,785,000	\$ 115,735,000	\$ 136,278,000	\$ 156,309,000	\$ 179,220,000	\$ 122,430,000	\$ 190,355,000	\$ 197,689,000
District's covered payroll	\$ 54,130,000	\$ 59,697,000	\$ 59,198,000	\$ 61,741,000	\$ 50,961,000	\$ 77,230,000	\$ 84,137,000	\$ 88,808,000	\$ 88,303,000	\$ 98,588,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	109.32%	132.18%	163.49%	187.45%	267.42%	202.39%	213.01%	137.86%	215.57%	200.52%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%

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

See note to required supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2024

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 13,209,402	\$ 17,509,201	\$ 22,604,934	\$ 27,039,404	\$ 32,746,531	\$ 35,276,179	\$ 34,065,925	\$ 35,456,891	\$ 43,867,418	\$ 46,229,410
Contributions in relation to the contractually required contribution	<u>(13,209,402)</u>	<u>(17,509,201)</u>	<u>(22,604,934)</u>	<u>(27,039,404)</u>	<u>(32,746,531)</u>	<u>(35,276,179)</u>	<u>(34,065,925)</u>	<u>(35,456,891)</u>	<u>(43,867,418)</u>	<u>(46,229,410)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 148,755,000	\$ 163,180,000	\$ 179,689,000	\$ 187,383,000	\$ 201,146,000	\$ 190,968,000	\$ 178,356,000	\$ 185,638,000	\$ 229,672,000	\$ 242,039,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%	19.10%

\* This rate reflects the original employer contribution rate of 18.13 percent under AB 1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB90.

\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB 1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB90.

\*\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB 1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB90.

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2024

Public Employer's Retirement Fund B  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 7,026,907	\$ 7,013,119	\$ 8,820,816	\$ 7,914,234	\$ 13,949,345	\$ 17,031,685	\$ 18,383,274	\$ 20,230,248	\$ 25,011,771	\$ 29,740,939
Contributions in relation to the contractually required contribution	<u>(7,026,907)</u>	<u>(7,013,119)</u>	<u>(8,820,816)</u>	<u>(7,914,234)</u>	<u>(13,949,345)</u>	<u>(17,031,685)</u>	<u>(18,383,274)</u>	<u>(20,230,248)</u>	<u>(25,011,771)</u>	<u>(29,740,939)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 59,697,000	\$ 59,198,000	\$ 61,741,000	\$ 50,961,000	\$ 77,230,000	\$ 84,137,000	\$ 88,808,000	\$ 88,303,000	\$ 98,588,000	\$ 111,473,000
Contributions as a percentage of covered payroll	11.77%	11.85%	14.29%	15.53%	18.06%	20.24%	20.70%	22.91%	25.37%	26.68%

See note to required supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2024

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**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. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in the Total OPEB Liability: The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rates used for the total OPEB liability were 3.50, 2.20, 2.16, 3.54, 3.65 and 3.93 percent at the June 30, 2019, 2020, 2021, 2022, 2023, in 2024 measurements, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

<u>Assumption</u>	<u>Measurement Periods</u>								
	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

The following are the assumptions for the State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Periods</u>								
	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%



## **SUPPLEMENTARY INFORMATION**

STOCKTON UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2024

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Debt Service Fund	Total
<b>ASSETS</b>										
Cash and investments:										
Cash in County Treasury	\$ -	\$ 59,951,446	\$ -	\$ 2,535,144	\$ 12,855,477	\$ -	\$ 9,637,658	\$ 4,275,830	\$ 7,327,254	\$ 96,582,809
Cash on hand and in banks	1,149,480	-	2,000	-	160,826	-	-	-	-	1,312,306
Cash in revolving fund	-	582	520	-	1,560	-	-	-	-	2,662
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	10,945,634	10,945,634
Receivables	-	4,346,783	887,383	4,040,901	2,927,853	1,641	106,666	60,140	81,746	12,453,113
Due from other funds	-	3,369	-	41,343	3,813	2,053,788	2,000,000	9,253,788	1,070,000	14,426,101
Stores Inventory	-	-	-	-	327,984	-	-	-	-	327,984
Total assets	<u>\$ 1,149,480</u>	<u>\$ 64,302,180</u>	<u>\$ 889,903</u>	<u>\$ 6,617,388</u>	<u>\$ 16,277,513</u>	<u>\$ 2,055,429</u>	<u>\$ 11,744,324</u>	<u>\$ 13,589,758</u>	<u>\$ 19,424,634</u>	<u>\$ 136,050,609</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ -	\$ 2,258,163	\$ 138,258	\$ 759,499	\$ 24,072	\$ 27,235	\$ 2,635	\$ 728,855	\$ -	\$ 3,938,717
Unearned revenue	-	359,490	-	1,529,479	203,090	-	-	835,776	-	2,927,835
Due to other funds	-	1,877,182	372,947	69,486	200,558	1,318,117	-	-	-	3,838,290
Total liabilities	<u>-</u>	<u>4,494,835</u>	<u>511,205</u>	<u>2,358,464</u>	<u>427,720</u>	<u>1,345,352</u>	<u>2,635</u>	<u>1,564,631</u>	<u>-</u>	<u>10,704,842</u>
Fund balances:										
Nonspendable	-	582	520	-	329,544	-	-	-	-	330,646
Restricted	1,149,480	59,806,763	378,178	4,258,924	15,520,249	710,077	11,741,689	12,025,127	19,424,634	125,015,121
Total fund balance	<u>1,149,480</u>	<u>59,807,345</u>	<u>378,698</u>	<u>4,258,924</u>	<u>15,849,793</u>	<u>710,077</u>	<u>11,741,689</u>	<u>12,025,127</u>	<u>19,424,634</u>	<u>125,345,767</u>
Total liabilities and fund balances	<u>\$ 1,149,480</u>	<u>\$ 64,302,180</u>	<u>\$ 889,903</u>	<u>\$ 6,617,388</u>	<u>\$ 16,277,513</u>	<u>\$ 2,055,429</u>	<u>\$ 11,744,324</u>	<u>\$ 13,589,758</u>	<u>\$ 19,424,634</u>	<u>\$ 136,050,609</u>

STOCKTON UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS  
For the Year Ended June 30, 2024

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Debt Service Fund	(formerly nonmajor) Bond Interest and Redemption Fund	Total
Revenues:											
LCFF State apportionment	\$ -	\$ 30,695,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 30,695,336
Federal sources	-	737,588	1,032,646	8,580,462	26,156,028	-	-	-	-		36,506,724
Other state sources	-	5,409,490	5,506,631	14,291,772	160,950	-	-	-	-		25,368,843
Other local sources	1,710,364	2,251,642	31,242	253,135	581,371	3,781	2,269,143	312,743	302,505		7,715,926
Total revenues	1,710,364	39,094,056	6,570,519	23,125,369	26,898,349	3,781	2,269,143	312,743	302,505		100,286,829
Expenditures:											
Current:											
Certificated salaries	-	11,490,079	2,557,057	6,562,179	-	-	-	-	-		20,609,315
Classified salaries	-	1,626,831	647,535	3,440,418	8,295,123	-	-	267,925	-		14,277,832
Employee benefits	-	7,268,944	1,646,373	6,206,813	4,939,078	-	-	176,721	-		20,237,929
Books and supplies	3,464,789	938,483	87,350	829,416	14,278,755	-	-	-	-		19,598,793
Contract services and operating expenditures	-	3,857,250	1,154,733	1,392,411	130,336	10,443	133,320	40,068	-		6,718,561
Capital outlay	-	-	-	1,756,063	131,194	-	-	991,136	-		2,878,393
Other outgo	-	-	1,076,000	-	-	-	-	-	-		1,076,000
Debt Service											
Principal retirement	-	-	-	-	-	-	1,410,000	-	-		1,410,000
Interest	-	-	-	-	-	-	1,208,000	-	-		1,208,000
Total expenditures	3,464,789	25,181,587	7,169,048	20,187,300	27,774,486	10,443	2,751,320	1,475,850	-		88,014,823
(Deficiency) excess of revenues (under) over expenditures	(1,754,425)	13,912,469	(598,529)	2,938,069	(876,137)	(6,662)	(482,177)	(1,163,107)	302,505		12,272,006
Other financing (uses) sources:											
Transfers in	-	-	463,731	-	-	-	2,000,000	-	1,070,000		3,533,731
Transfers out	-	(62,711)	(122,947)	(502,029)	(299,954)	-	-	-	-		(987,641)
Total other financing (uses) sources	-	(62,711)	340,784	(502,029)	(299,954)	-	2,000,000	-	1,070,000		2,546,090
Net change in fund balances	(1,754,425)	13,849,758	(257,745)	2,436,040	(1,176,091)	(6,662)	1,517,823	(1,163,107)	1,372,505		14,818,096
Fund balance, July 1, 2023	2,903,905	45,957,587	636,443	1,822,884	17,025,884	716,739	10,223,866	13,188,234	18,052,129	22,945,148	133,472,819
Change within the reporting entity	-	-	-	-	-	-	-	-	-	(22,945,148)	(22,945,148)
Fund balances, July 1, 2023, adjusted	2,903,905	45,957,587	636,443	1,822,884	17,025,884	716,739	10,223,866	13,188,234	18,052,129	-	110,527,671
Fund balance, June 30, 2024	\$ 1,149,480	\$ 59,807,345	\$ 378,698	\$ 4,258,924	\$ 15,849,793	\$ 710,077	\$ 11,741,689	\$ 12,025,127	\$ 19,424,634		\$ 125,345,767

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2024

	Second Period <u>Report</u>	Audited Second Period <u>Report</u>	Annual <u>Report</u>	Audited Annual <u>Report</u>
<b>DISTRICT</b>				
Certificate #:	<u>5DB69321</u>	*	<u>B41DBC82</u>	*
Elementary:				
Transitional Kindergarten through Third	9,138	9,138	9,179	9,179
Fourth through Sixth	7,018	7,018	7,022	7,022
Seventh and Eighth	4,770	4,770	4,777	4,777
Special Education	<u>47</u>	<u>47</u>	<u>48</u>	<u>48</u>
Total Elementary	<u>20,973</u>	<u>20,973</u>	<u>21,026</u>	<u>21,026</u>
Secondary:				
Ninth through Twelfth	8,097	8,089	7,952	7,944
Special Education	<u>38</u>	<u>38</u>	<u>35</u>	<u>35</u>
Total Secondary	<u>8,135</u>	<u>8,127</u>	<u>7,987</u>	<u>7,979</u>
	<u>29,108</u>	<u>29,100</u>	<u>29,013</u>	<u>29,005</u>
<b>CHARTER SCHOOL- CLASSROOM BASED</b>				
<u>Nightingale Elementary Charter School:</u>				
Certificate #:		<u>1950088E</u>		<u>413B651F</u>
Elementary:				
Transitional Kindergarten through Third		167		166
Fourth through Sixth		140		139
Seventh and Eighth		<u>84</u>		<u>84</u>
Subtotal Nightingale Elementary Charter School		<u>391</u>		<u>389</u>
<u>Pittman Elementary Charter School</u>				
Certificate #:		<u>FEAAC32E</u>		<u>3BBE6C83</u>
Elementary:				
Transitional Kindergarten through Third		257		257
Fourth through Sixth		209		208
Seventh and Eighth		<u>136</u>		<u>136</u>
Subtotal Pittman Elementary Charter School		<u>602</u>		<u>601</u>

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2024

	Audited Second Period <u>Report</u>	Audited Annual <u>Report</u>
<b>CHARTER SCHOOL- CLASSROOM BASED</b> (Continued)		
<u>Stockton Health Careers Academy</u>		
Certificate #:	<u>9BD65266</u>	<u>7A4AF9A3</u>
Secondary:		
Ninth through Twelfth	<u>374</u>	<u>370</u>
<u>Pacific Law Academy</u>		
Certificate #:	<u>3A66F360</u>	<u>E54A54A0</u>
Secondary:		
Ninth through Twelfth	<u>187</u>	<u>185</u>
<u>Stockton Unified Early College Academy</u>		
Certificate #:	<u>DA44BD05</u>	<u>E7D86BF2</u>
Secondary:		
Ninth through Twelfth	<u>411</u>	<u>410</u>
Total Classroom Based	<u><u>1,965</u></u>	<u><u>1,955</u></u>

\* Average Daily Attendance (ADA) for the District has been adjusted to reflect the impact of Finding 2024-001 included in the Schedule of Audit Findings and Questioned Costs.

See accompanying notes to supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2024

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2023-2024 Actual Minutes Offered*</u>	<u>Credited Minutes Per Approved Form J-13A*</u>	<u>2023-2024 Total Reported Minutes</u>	<u>2023-2024 Actual Days Offered*</u>	<u>Credited Days Per Approved Form J-13A*</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<b>DISTRICT</b>								
Kindergarten	36,000	53,100	-	53,100	179	1	180	In Compliance
Grade 1	50,400	53,177	313	53,490	179	1	180	In Compliance
Grade 2	50,400	53,177	313	53,490	179	1	180	In Compliance
Grade 3	50,400	53,177	313	53,490	179	1	180	In Compliance
Grade 4	54,000	54,000	-	54,000	179	1	180	In Compliance
Grade 5	54,000	54,000	-	54,000	179	1	180	In Compliance
Grade 6	54,000	54,000	-	54,000	179	1	180	In Compliance
Grade 7	54,000	55,620	-	55,620	179	1	180	In Compliance
Grade 8	54,000	55,620	-	55,620	179	1	180	In Compliance
Grade 9	64,800	64,825	-	64,825	180	N/A	180	In Compliance
Grade 10	64,800	64,825	-	64,825	180	N/A	180	In Compliance
Grade 11	64,800	64,825	-	64,825	180	N/A	180	In Compliance
Grade 12	64,800	64,825	-	64,825	180	N/A	180	In Compliance
<b>CHARTER SCHOOLS</b>								
<u>Nightingale Elementary Charter School</u>								
Kindergarten	36,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 1	50,400	54,000	-	54,000	180	N/A	180	In Compliance
Grade 2	50,400	54,000	-	54,000	180	N/A	180	In Compliance
Grade 3	50,400	54,000	-	54,000	180	N/A	180	In Compliance
Grade 4	54,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 5	54,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 6	54,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 7	54,000	57,600	-	57,600	180	N/A	180	In Compliance
Grade 8	54,000	57,600	-	57,600	180	N/A	180	In Compliance
<u>Pittman Elementary Charter School</u>								
Kindergarten	36,000	53,100	-	53,100	180	N/A	180	In Compliance
Grade 1	50,400	54,000	-	54,000	180	N/A	180	In Compliance
Grade 2	50,400	54,000	-	54,000	180	N/A	180	In Compliance
Grade 3	50,400	54,000	-	54,000	180	N/A	180	In Compliance
Grade 4	54,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 5	54,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 6	54,000	54,000	-	54,000	180	N/A	180	In Compliance
Grade 7	54,000	57,600	-	57,600	180	N/A	180	In Compliance
Grade 8	54,000	57,600	-	57,600	180	N/A	180	In Compliance

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2024

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2023-2024 Actual Minutes Offered*</u>	<u>Credited Minutes Per Approved Form J-13A*</u>	<u>Total Reported Minutes</u>	<u>2023-2024 Actual Days Offered*</u>	<u>2023-2024 Days Per Approved Form J-13A*</u>	<u>Number of Days Traditional Calendar*</u>	<u>Status</u>
<b>CHARTER SCHOOLS (Continued)</b>								
<u>Stockton Health Careers Academy</u>								
Grade 9	64,800	64,860	-	64,860	180	N/A	180	In Compliance
Grade 10	64,800	64,860	-	64,860	180	N/A	180	In Compliance
Grade 11	64,800	64,860	-	64,860	180	N/A	180	In Compliance
Grade 12	64,800	64,860	-	64,860	180	N/A	180	In Compliance
<u>Pacific Law Academy</u>								
Grade 9	64,800	64,825	-	64,825	180	N/A	180	In Compliance
Grade 10	64,800	64,825	-	64,825	180	N/A	180	In Compliance
Grade 11	64,800	64,825	-	64,825	180	N/A	180	In Compliance
Grade 12	64,800	64,825	-	64,825	180	N/A	180	In Compliance
<u>Stockton Unified Early College Academy</u>								
Grade 9	64,800	64,860	-	64,860	180	N/A	180	In Compliance
Grade 10	64,800	64,860	-	64,860	180	N/A	180	In Compliance
Grade 11	64,800	64,860	-	64,860	180	N/A	180	In Compliance
Grade 12	64,800	64,860	-	64,860	180	N/A	180	In Compliance

\* During the audit year, the District closed one school site, Taft Elementary School, for one day (March 13, 2024) in response to a power outage from its energy provider. All other District sites remained open for the originally planned instructional minutes and days for the 2023-24 year. A Form J-13A waiver was submitted to allow the District to receive credit for the 1 day and 313 instructional minutes in grade span TK through 8, which were lost due to the closure. In the schedule above, only Taft Elementary's Grade Span 1 – 3 at were the lowest number of minutes offered regardless of the school closure; therefore, credited minutes are only presented in this grade span although all grade spans offered by Taft Elementary were included in the Form J-13A. The District received CDE approval for its Form J-13A waiver request on October 28, 2024.

See accompanying notes to supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 6,821,010
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private Schools	10115	8,985
84.027A	Special Ed: IDEA Mental Health Services, Part B, Sec 611	15197	426,953
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	349,255
84.027A	Special Ed: IDEA Quality Assurance & Focused Monitoring	13693	25,552
84.027A	Special Ed: Alternative Dispute Resolution, Part B, Sec 611	13007	14,807
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	2,546
84.173	Special Ed: ARP IDEAPart B, Sec. 619, Preschool Grants	15639	67,190
	Subtotal Special Education Cluster		<u>7,716,298</u>
	Adult Education Programs:		
84.002	Adult Education: Adult Basic Education and Education State Leadership (Section 231)	14508	645,528
84.002A	Adult Education: English Literacy & Civics Education	14109	161,427
84.002	Adult Education: Adult Secondary Education (Section 231)	13978	225,691
	Subtotal Adult Education Programs		<u>1,032,646</u>
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Relief II (ESSER II) Fund	15547	5,069,222
84.425	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559	63,275,623
84.425U	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	9,225,398
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	15618	233,801
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	15619	52,848
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	15620	165,554
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	15621	285,385
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth (ARP - Homeless I)	15564	57
84.425	COVID-19: American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	15566	146,036
	Subtotal COVID-19: ESF Programs		<u>78,453,924</u>

(Continued)



STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
	Title I Programs:		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income	14329	\$ 19,992,861
84.010	ESEA: School Improvement Funding for LEAs	15438	971,850
	Subtotal Title I Programs		<u>20,964,711</u>
	Title III Programs:		
84.365	ESSA: Title III, Immigrant Student Program	15146	115,400
84.365	ESSA: Title III, English Learner Student Program	14346	1,003,103
	Subtotal Title III Programs		<u>1,118,503</u>
	Title IV Programs:		
84.424	ESEA: Title IV, Part A Student Support and Academic Enrichment Grant	15396	2,465,509
84.424	Bipartisan Safer Communities Act-Stronger Connections Grant	15710	485,734
	Subtotal Title IV Programs		<u>2,951,243</u>
84.048	Strengthening Career and Technical Education for the 21st Century: Secondary, Section 131	14894	675,395
84.060	Indian Education (from Federal Government)	10011	75,547
84.126	Department of Rehabilitation: Workability II, Transition Partnership	10006	622,822
84.181	Special Education: IDEA Early Intervention Grants	24314	23,632
84.196	ESEA: Title IX, Part A, McKinney-Vento Homeless Assistance	14332	107,595
84.367	ESSA: Title II, Part A, Supporting Effective Instruction	14341	1,657,324
	Total U.S. Department of Education		<u>115,399,640</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.600	SJCOE Head Start Cluster	10016	8,509,036
	CCDF Cluster:		
93.575	COVID-19: Early Education: ARP California State Preschool Program - Rate Supplements	15641	10,293
93.575	COVID-19: Early Education: Coronavirus Response and Relief Supplemental Appropriations Act - One-time Stipend	15555	91,076
	Subtotal CCDF Cluster		<u>101,369</u>

(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Defense - Passed through</u>			
<u>California Department of Education</u>			
12.235	Navy Junior ROTC	10043	\$ 59,221
Total U.S. Department of Treasury			<u>59,221</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
Child Nutrition Cluster:			
10.555	Child Nutrition: School Programs - Child Nutrition Cluster	13396	20,545,132
10.555	Supply Chain Assistance (SCA) Funds	15655	<u>2,225,094</u>
Subtotal Child Nutrition Cluster			<u>22,770,226</u>
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	<u>3,392,445</u>
Total U.S. Department of Agriculture			<u>26,162,671</u>
Total Federal Programs			<u>\$ 150,231,937</u>

See accompanying notes to supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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	Self- Insurance <u>Fund</u>
June 30, 2024 Unaudited Actual Financial Reporting Ending Net Position	\$ 70,136,522
Reposting of prior self-insurance fund audit adjusting entry not posted during the year-ended June 30, 2024.	<u>(5,169,759)</u>
June 30, 2024 Audited Financial Statements Ending Net Position	<u><u>\$ 64,966,763</u></u>

There were no adjustments proposed to any other funds of the District.

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See accompanying notes to supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2024  
(UNAUDITED)

	(Budget) <u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 725,230,210	\$ 786,321,312	\$ 748,311,291	\$ 607,503,518
Expenditures	769,425,420	735,375,534	592,586,979	548,288,781
Other uses and transfers out	<u>197,647</u>	<u>2,463,731</u>	<u>12,570,307</u>	<u>-</u>
Total outgo	<u>769,623,067</u>	<u>737,839,265</u>	<u>605,157,286</u>	<u>548,288,781</u>
Change in fund balance	\$ (44,392,857)	\$ 48,482,047	\$ 143,154,005	\$ 59,214,737
Ending fund balance	<u>\$ 370,945,798</u>	<u>\$ 415,338,655</u>	<u>\$ 366,856,608</u>	<u>\$ 223,702,603</u>
Available reserves	<u>\$ 58,960,856</u>	<u>\$ 58,745,555</u>	<u>\$ 17,731,160</u>	<u>\$ 10,948,265</u>
Designated for economic uncertainties	<u>\$ 58,960,856</u>	<u>\$ 58,745,555</u>	<u>\$ 17,731,160</u>	<u>\$ 10,948,265</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>7.66%</u>	<u>7.96%</u>	<u>2.00%</u>	<u>2.00%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 1,175,905,250</u>	<u>\$ 1,208,467,256</u>	<u>\$ 1,135,085,151</u>	<u>\$ 998,481,993</u>
Average daily attendance at P-2, excluding Charter School	<u>28,540</u>	<u>29,100</u>	<u>29,710</u>	<u>28,947</u>

The fund balance of the General Fund has increased by \$250,850,789 over the past three years. The fiscal year 2024-2025 budget projects a decrease of \$44,392,857. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2024, the District has met this requirement.

The District has incurred operating surpluses in each of the past three years; but anticipates an operating deficit during the fiscal year ending June 30, 2025.

Total long-term liabilities have increased by \$209,985,263 over the past two years.

Average daily attendance (excluding charter schools) has increased by 153 over the past two years. The District anticipates a decrease of 560 ADA for the 2024-2025 fiscal year.

See accompanying notes to supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2024

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<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
1318 - Nightingale Charter School	Included in District Financial Statements
1197 - Pittman Charter School	Included in District Financial Statements
1283 - Health Careers Academy	Included in District Financial Statements
1316 - Pacific Law Academy	Included in District Financial Statements
1083 - Stockton Early College Academy	Included in District Financial Statements
1048 - Aspire Langston Hughes Academy	Separate Report
1552 - Aspire APEX Academy	Separate Report
1553 - Aspire Port City Academy	Separate Report
0554 - Aspire Rosa Parks Academy	Separate Report
2063- Aspire Stockton TK-5	Separate Report
2064 - Aspire Stockton 6-12	Separate Report
2077 - Voices-College Bound Language Academy at Stockton	Separate Report
1027 - Dr. Lewis Dolphin Stallworth Sr. Charter Schools	Separate Report
1142 - Stockton Collegiate Int Elem	Separate Report
1143 - Stockton Collegiate Int Secondary	Separate Report
2109 - KIPP Stockton K-12	Separate Report
2124 - KIPP Stockton K-8	Separate Report
1890 - TEAM Charter Academy	Separate Report

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See accompanying notes to supplementary information.

STOCKTON UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2024

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**NOTE 1 - PURPOSE OF SCHEDULES**

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

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 46201 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Stockton Unified School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2024-25 fiscal year, as required by the State Controller's Office. This information is derived from audited information.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by charter schools.

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2024, the District did not adopt this program.

STOCKTON UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
For the Year Ended June 30, 2024

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Stockton Unified School District was established on July 1, 1936. The District operates 39 elementary schools, and 7 secondary schools. The District also operates 2 elementary and 3 secondary charter schools. The District maintains five specialized educational programs, including an adult school. There were no changes in District boundaries during the year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Kennetha Stevens	President	2026
Sofia Colon	Vice-President	2026
Donald Donaire	Clerk	2025
Cecilia Mendez	Member	2024
Ray Zulueta	Member	2024
Angelann Flores	Member	2026
Alicia Rico	Member	2024

ADMINISTRATION

Dr. Michelle Rodriguez  
Superintendent

Joann Juarez  
Interim Chief Business Official

Glendaly Rios-Gascot  
Assistant Superintendent, Human Resources

Susana Ramirez  
Assistant Superintendent, Educational Services

Kasey Klappenback  
Assistant Superintendent, Educational Support Services

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Education  
Stockton Unified School District  
Stockton, California

**Report on Compliance*****Qualified Opinion on State Compliance***

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

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

***Basis for Qualified Opinion on State Compliance***

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

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

***Matters Giving Rise to Qualified Opinion on State Compliance***

As described in the accompanying Schedule of Audit Findings and Questioned Costs as items 2024-001 and 2024-002 the District did not comply with requirements regarding Independent Study and Attendance. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

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(Continued)



## **Responsibilities of Management for Compliance**

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

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

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

<u>2023-2024 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below

(Continued)

2023-2024 K-12 Audit Guide Procedures (continued)Procedures  
Performed

N. Middle or Early College High Schools	N/A, see below
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes
<i>School Districts, County Offices of Education, and Charter Schools:</i>	
T. Proposition 28 Arts and Music In Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
<i>Charter Schools:</i>	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Annual Instructional Minutes-Classroom Based	Yes
FF. Charter School Facility Grant Program	Yes

The District did not offer an Early Retirement Incentive in the current year audit year; therefore, we did not perform any procedures related to the program.

The District did not operate any Juvenile Court Schools in the current audit year; therefore, we did not perform any procedures related to the program.

The District did not operate any Middle or Early College High Schools programs in the current year audit year; therefore, we did not perform any procedures related to the program.

The District did not report qualifying attendance hours for Apprenticeship: Related and Supplemental Instruction in the current audit year; therefore, we did not perform any procedures related to the program.

The District is not classified as a District of Choice by the California Department of Education; therefore, we did not perform any procedures related to the program.

The District did not report any ADA from Independent Study-Course Based in the current audit year; therefore, we did not perform any procedures related to the program.

The District did not offer non-classroom-based instruction at any of its charter schools in the current audit year; therefore, we did not perform any procedures related to sections CC or DD of the audit guide.

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(Continued)

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

#### **Other Matter**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying Schedule of Audit Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Sacramento, California  
December 13, 2024

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*

Board of Education  
Stockton Unified School District  
Stockton, 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 Stockton Unified School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Stockton Unified School District's basic financial statements, and have issued our report thereon dated December 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stockton Unified School 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 Stockton Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Stockton Unified School 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 have not been identified.

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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stockton Unified School 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.

*Crowe LLP*  
Crowe LLP

Sacramento, California  
December 13, 2024

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

Board of Education  
Stockton Unified School District  
Stockton, California

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

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

We have audited Stockton Unified School 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 Stockton Unified School District's major federal programs for the year ended June 30, 2024. Stockton Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

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

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

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

We are required to be independent of Stockton Unified School 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 Stockton Unified School 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 Stockton Unified School District's federal programs.

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(Continued)

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

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

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

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(Continued)

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.

*Crowe LLP*  
Crowe LLP

Sacramento, California  
December 13, 2024



## **FINDINGS AND RECOMMENDATIONS**

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

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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?	_____ Yes	_____ <u>X</u> _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> _____ None reported	

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> _____ None reported	

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

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

Identification of major programs:

AL Number(s)

84.425, 84.425U  
10.558

Name of Federal Program or Cluster

COVID-19: ESF Programs  
Child Nutrition: CACFP Claims - Centers  
and Family Day Care

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**STATE AWARDS**

Type of auditors' report issued on compliance for state programs: Qualified

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-001 DEFICIENCY – STATE COMPLIANCE – INDEPENDENT STUDY (40000)**

Criteria: Pursuant to Education Code Section 51747, no days of attendance are to be reported for dates prior to the signing of the independent study agreement by all parties, and the agreement is required to include a beginning and ending date, along with various other required elements. Further, the District is required to maintain work samples from pupils enrolled in independent study for which attendance is claimed.

Condition: For 6 out of the 25 pupils selected for testing of independent study, attendance was claimed for pupils whose independent study agreements omitted one or more of the following required elements:

- The manner, time, frequency and place for reporting progress, and communicating with the pupil's parent or guardian regarding academic progress
- The objectives & methods of study
- The methods utilized to evaluate student work
- The level of satisfactory educational progress as defined in Ed Code section 51747(b)(2)(A)-(D)
- The number of assignments that may be missed
- The details of the academic and other support that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas
- A statement that independent study is an optional educational alternative that no pupil may be required to participate

Effect: The District did not comply with one or more requirements for independent study attendance accounting and reporting, pursuant to Education Code Section 51747.

Cause: The District claimed attendance for pupils without the proper independent study agreements in place.

Fiscal Impact: The effect of this finding is an overstatement of 7.94 ADA in Grade Span 9-12, totaling approximately \$116,315.

Identification of Repeat Finding: This is a repeat of Finding 2023-003, further described in the Schedule of Prior Year Findings and Recommendations.

Recommendation: The District's management should ensure independent study agreements contain all necessary elements, and that additional required documentation has been retained, as required by the Education Code. For agreements which do not contain required elements, or which supporting work sample documentation is not maintained, the District must not claim these pupils for ADA apportionment.

Views of Responsible Officials and Planned Corrective Action: SUGGESTED/PROPOSED Management concurs with the finding as well as the auditor's recommendation and will continue to provide training and monitoring activities to staff who are responsible for documenting independent study agreements and maintaining pupil's work at school sites.

STOCKTON UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-002 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)**

Criteria: Education Code Section 41601. For purposes of this chapter, the governing board of each school district shall report to the State Superintendent of Instruction during each fiscal year the average daily attendance (ADA) of the school district for all full school months during (1) the period between July 1 and December 31, inclusive, to be known as the “first period” report for the first principal apportionment, and (2) the period between July 1 and April 15, inclusive, to be known as the “second period” report for the second principal apportionment. Each county superintendent of schools shall report the average daily attendance for the schools and classes maintained by the county superintendent of schools and the average daily attendance for the county school tuition fund. Each report shall be prepared in accordance with instructions on forms prescribed and furnished by the Superintendent.

Condition: The District excluded 1.68 ADA from the “B-5” Line item of the “Other” section on the District-wide Second Period Report of Attendance for the 2023-24 year. Line B-5, which discloses Transitional Kindergarten ADA already included in line “A-1,” reported 495.89 ADA, but supporting documentation indicated this line should have reported 497.57 ADA.

Effect: The District did not comply with one or more requirements for attendance reporting, pursuant to Education Code Section 41601.

Cause: The noncompliance was caused by a clerical data input error.

Fiscal Impact: Not applicable, as the total ADA reported by the District was correct.

Identification of Repeat Finding: This is partially a repeat of Finding 2023-002, further described in the Schedule of Prior Year Findings and Recommendations.

Recommendation: Management should ensure ADA is reported on the proper line items in the Second Period Report, prior to the submission to the State Superintendent of Instruction.

Views of Responsible Officials and Planned Corrective Action: SUGGESTED/PROPOSED The District concurs with the finding and will resubmit a revised second period report of attendance to reflect the corrected supplementary data.

**STATUS OF PRIOR YEAR**

**FINDINGS AND RECOMMENDATIONS**

STOCKTON UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2024

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**2023-001 MATERIAL WEAKNESS – INTERNAL CONTROL OVER FINANCIAL REPORTING (30000)**

Condition: The following were noted as deficiencies in internal control over financial reporting which collectively were determined to be a material weakness:

- During the year ended June 30, 2023, Cash in County Treasury account reconciliations were not prepared in a timely or complete manner, including deficiencies in segregation of duties and the investigation of long outstanding variances. These issues led to significant misstatements in cash balances presented for audit, which impacted several governmental funds. In addition, we noted insufficient evidence of who prepared and reviewed monthly bank reconciliations, including both Cash in County Treasury and Cash with Fiscal Agent accounts.
- Material adjusting entries were necessary to correctly report the opening and ending fund balance of the District's Building Fund (Fund 21), Capital Facilities Fund (Fund 25), and Bond Interest and Redemption Fund (Fund 51). Journal entries posted in error by the District after the end of the June 30, 2022 audit, resulted in District records not agreeing with the audited balances, and/or the proposed adjustments identified in that audit. These discrepancies were identified through the audit process.
- The reported balance of claims liability in the District's Self Insurance Fund (Fund 67) was not updated as of June 30, 2023 for the actuarial valuations prepared as of that date. These entries should be included with the annual financial close process, or more frequently as needed. Education Code Section 17566(e) requires school districts which are self-insured for health and welfare programs to obtain an updated actuarial valuation every three years. School districts must also account for the impact of those valuations in accordance with GASB Statements 10, 30, and 66, as applicable. The total discounted claims liability required a material adjustment to reflect the revised valuations for the programs operated by the District.

Recommendation and Identification as a Repeat Finding: This is a partial repeat of Finding 2022-001 identified during the audit of the year ended June 30, 2022. The District's management team should implement necessary internal controls to ensure the accuracy of financial reporting. As part of the monthly and annual financial close process, the District's management team should ensure that all general ledger accounts, for all District funds, including all cash accounts, are reconciled and adjusted as necessary to ensure accurate financial reporting for the year. In addition, claims liabilities for self-insured activities should be updated to reflect actuarial valuations as of the reporting date or roll-forward activity from actual performance, as necessary per the California Education Code.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2023-002 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)**

Condition: At two school sites tested for Attendance, two pupils were improperly claimed for apportionment, resulting in a total overstatement of three days' attendance.

Recommendation: The District should enforce controls to ensure accurate accounting for attendance.

Current Status: Partially Implemented.

District Explanation if Not Implemented: Refer to current year finding 2024-001. The audit includes an unrelated finding over Attendance reporting.

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(Continued)



STOCKTON UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2024

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**2023-003 DEFICIENCY – STATE COMPLIANCE – INDEPENDENT STUDY (40000)**

Condition: For 19 of the pupils selected for testing of independent study, attendance was claimed for pupils for which supporting documentation indicated one or more of the following issues:

- No independent study agreements were able to be provided for a sample of pupils.
- A sample of independent study agreements were provided without a beginning date.
- A sample of independent study agreements were provided that did not contain the date of signature by all required parties.
- A sample of independent study agreements were provided with a beginning date inconsistent with student attendance records.
- A sample of independent study agreements were provided without all information required by the Audit Guide.
- Work samples were not maintained for a sample of pupils attending under an independent study agreement.

Recommendation and Identification as Repeat Finding: This is a repeat of Finding 2022-004 identified during the audit of the year ended June 30, 2022. The District should ensure independent Study agreements contain all necessary elements, and that additional required documentation has been retained, as required by the California Education Code. For agreements which do not contain required elements, or which supporting work sample documentation is not maintained, the District must not claim these pupils for average daily attendance apportionment. It is further recommended that independent study agreements and adequate work samples should be maintained/collected in a centralized location, which could be available for reference and audit.

Current Status: Not Implemented.

District Explanation if Not Implemented: Refer to current year finding 2024-002.

**2023-004 MATERIAL WEAKNESS – STATE COMPLIANCE - CLASSROOM TEACHER SALARIES (61000)**

Condition: The District's total current expense of education in the General Fund for the audit year was calculated to be \$545,093,401, and classroom teacher salaries totaled \$291,557,633. The ratio of classroom teacher salaries to the current expense of education is calculated as 53.49%, which is deficient by 1.51%, or \$8,243,738 from the requirement of 55%.

Recommendation and Identification as Repeat Finding: This is a repeat finding of Findings 2022-005, 2021-002, 2020-001, and 2019-002 identified during the audits of the years ended June 30, 2022, 2021, 2020 and 2019, respectively. The District's management should implement necessary internal controls to ensure that classroom teacher salaries exceed the minimum required percentage of current expense of education in the General Fund.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

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(Continued)

STOCKTON UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2024

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**2023-005 DEFICIENCY – STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD  
(72000)**

Condition: At two district sites sampled for testing, the school accountability report cards were not consistent with the supporting documentation provided by management, with respect to external surfaces and overall cleanliness attributes.

Recommendation: Management should update or implement internal control processes to ensure that all sites' school accountability report cards are completed appropriately and agree to the related supporting documentation for all reporting areas required by Ed Code 33126(b)(8).

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2023-006 DEFICIENCY – STATE COMPLIANCE – HOME TO SCHOOL TRANSPORTATION  
REIMBURSEMENT (40000)**

Condition: The District did not develop a plan describing the transportation services it will offer to its pupils on or before April 1, 2023.

Recommendation: The District's home to school transportation plan should be prepared and approved by the District's Governing Board as soon as possible. In addition, the plan should be updated before April 1 of each fiscal year. It is recommended that the District's Governing Board also approve the annual update to the plan each fiscal year going forward.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2023-007 DEFICIENCY – STATE COMPLIANCE – AFTER/BEFORE SCHOOL EDUCATION AND  
SAFETY PROGRAM (40000)**

Condition: For the year ended June 30, 2023, the percentage of After/Before School Education and Safety Program funding allocated to school sites for direct services to pupils was approximately 79.8%, which is below the 85% required minimum.

Recommendation: Management should implement necessary internal controls to ensure the percentage of funding allocated to school sites for direct services to pupils is not less than 85%.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.