



# Del Mar Union School District

County of San Diego  
San Diego, California

Audit Report  
June 30, 2025



# Del Mar Union School District

## Table of Contents

June 30, 2025

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|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITOR’S REPORT</b>  | <b>1</b>  |
| <b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>  | <b>4</b>  |
| <b>BASIC FINANCIAL STATEMENTS</b>  | <b>12</b> |
| Statement of Net Position .....  | 13        |
| Statement of Activities.....   | 14        |
| Balance Sheet – Governmental Funds .....   | 15        |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....   | 16        |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....  | 18        |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..... | 19        |
| Statement of Net Position – Enterprise Fund.....   | 21        |
| Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Fund.....  | 22        |
| Statement of Cash Flows – Enterprise Fund.....   | 23        |
| Statement of Net Position – Fiduciary Funds .....  | 24        |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....   | 25        |
| Notes to the Financial Statements.....   | 26        |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  | <b>84</b> |
| Budgetary Comparison Schedule – General Fund.....  | 84        |
| Schedule of the District’s Proportionate Share of the Net Pension Liability - CalSTRS .....  | 85        |
| Schedule of the District’s Contributions - CalSTRS .....   | 86        |
| Schedule of the District’s Proportionate Share of the Net Pension Liability – CalPERS.....   | 87        |
| Schedule of the District’s Contributions - CalPERS .....   | 88        |
| Schedule of Changes in the District’s Net OPEB Liability and Related Ratios – DMUSD Retiree Health Benefit Plan .....                              | 89        |
| Schedule of District Contributions – DMUSD Retiree Health Benefit Plan .....   | 90        |
| Notes to Required Supplementary Information .....  | 91        |
| <b>COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION</b>   | <b>95</b> |
| Combining Balance Sheet – Nonmajor Governmental Funds.....   | 95        |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....                                     | 96        |

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|   |            |
|---|------------|
| <b>OTHER SUPPLEMENTARY INFORMATION</b>  | <b>97</b>  |
| Schedule of Average Daily Attendance.....   | 97         |
| Schedule of Instructional Time.....   | 98         |
| Schedule of Financial Trends and Analysis.....  | 99         |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....   | 101        |
| Schedule of Charter Schools.....  | 102        |
| Schedule of Expenditures of Federal Awards.....   | 103        |
| Notes to the Schedule of Expenditures of Federal Awards .....   | 104        |
| <b>OTHER INFORMATION</b>  | <b>105</b> |
| Local Education Agency Organization Structure .....   | 105        |
| <b>OTHER INDEPENDENT AUDITORS' REPORTS</b>  | <b>106</b> |
| 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 <i>Government Auditing Standards</i> ..... | 106        |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....   | 108        |
| Independent Auditor's Report on State Compliance and on Internal Control Over State Compliance.....   | 111        |
| <b>AUDITOR'S RESULTS, FINDINGS &amp; RECOMMENDATIONS</b>  | <b>115</b> |
| Schedule of Auditor's Results .....   | 115        |
| Schedule of Findings and Questioned Costs.....  | 115        |
| Corrective Action Plan.....   | 118        |
| Schedule of Prior Year Audit Findings.....  | 119        |

## Independent Auditor's Report

To the Board of Education  
Del Mar Union School District

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Del Mar Union School District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter – Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2025 the District adopted new accounting guidance, GASB Statement No. 101 *Compensated Absences* which had a material effect on the financial statements. Our opinion is not modified with respect to this matter.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, 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 (GASB) 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Information

Management is responsible for the other information included in the audit report. The other information comprises the Other Information section of the audit report as identified on the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



El Cajon, California  
January 16, 2026

**DEL MAR UNION SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2025**  
**(Unaudited)**

The discussion and analysis of Del Mar Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

### **FINANCIAL HIGHLIGHTS**

- The District's total net position increased by \$12.6 million (12.6%) in 2024-25, reaching \$112.3 million at year-end. This growth reflects strong revenue performance and effective expense management, even with the implementation of GASB 101, which resulted in a restatement of beginning net position for both governmental and business-type activities.
- Total revenues for 2024-25 were \$99.8 million, a 2.5% increase over the prior year. The increase was primarily driven by higher property tax collections and increased state and federal aid. Major revenue sources included \$76.2 million from local property taxes, \$1.2 million from state apportionment, and \$9.2 million from other state revenue.
- Total governmental fund expenditures for 2024-25 were \$121.0 million, with instruction and related services comprising the largest share. Capital outlay and debt service also represented significant portions of total expenditures, reflecting the District's ongoing investment in facilities and infrastructure.
- The total governmental fund balance increased to \$83.0 million at June 30, 2025, up from \$77.0 million at the beginning of the year. The General Fund's ending balance rose to \$26.2 million, with available reserves (unassigned and committed) at 25.63% of total outgo, well above the state-recommended minimum.
- The District issued \$27 million in new general obligation bonds and repaid \$6.1 million in principal on long-term debt, resulting in a \$23.8 million (14.7%) increase in total long-term debt. Net capital assets increased by \$22.8 million (9.3%) due to ongoing construction and building improvements.
- The District continues to demonstrate fiscal strength, maintaining strong reserves and prudent debt management, while investing in capital projects to support educational programs and facility improvements

### **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, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Del Mar Union School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

## **The Basic Financial Statements**

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary 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. A comparison of the District's general fund budget is included.

## **Reporting the School District as a Whole**

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

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2024-25"

The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided, condition of school buildings and other facilities, and changes to the property tax base of the District, to assess the overall health of the District.

## **Reporting the School District's Most Significant Funds**

### *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 to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

### *Governmental Funds*

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Building Fund, and the Blended Component Unit Funds (Capital Projects & Debt Service). Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.



### *Enterprise Funds*

The District also operates one Enterprise Fund, the Childcare Services Fund. This fund reflects the activity of the childcare program for which the District charges fees for services provided. The fund is reported using full accrual accounting which includes all assets and liabilities, including those that are long-term in nature.

### *Custodial Funds*

The District is the trustee, for the Foundation Private Purpose Trust Fund. All of the District's Custodial activities are reported in separate Statements of Custodial Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

### *Comparative Statement of Net Position*

The comparative statement of net position for Del Mar Union School District, as of June 30, 2024 and 2025, reveals several key trends and changes:

- **Total Assets** increased by \$28.1 million (from \$332.1 million to \$360.2 million), primarily due to a \$23.2 million rise in capital assets and a \$3.9 million increase in cash. This reflects the District's ongoing investment in facilities and infrastructure.
- **Total Liabilities** rose by \$19.9 million (from \$240.1 million to \$260.0 million), mainly driven by a \$22.2 million increase in long-term liabilities, which is likely attributable to new debt issuances for capital projects. Accounts payable and other current liabilities decreased by \$2.5 million.
- **Net Position** improved by \$11.9 million (from \$100.4 million to \$112.3 million), reflecting the net effect of increased assets and liabilities. Notably, the unrestricted net position improved by \$7.5 million (less negative), and restricted net position increased by \$3.9 million, indicating more resources are available for specific purposes.
- **Deferred Outflows and Inflows of Resources** both decreased (\$2.4 million and \$2.0 million, respectively), due to changes in pension and OPEB-related balances.

The District's financial position strengthened in 2024-25, with significant growth in capital assets and cash, prudent management of current liabilities, and a notable improvement in both restricted and unrestricted net position. The increase in long-term liabilities is consistent with the District's capital investment strategy, supported by new bond issuances. Decreases in deferred outflows and inflows reflect actuarial changes in pension and OPEB balances. Overall, these changes demonstrate the District's continued commitment to fiscal health and long-term sustainability.

**(Table 1)**  
**Comparative Statement of Net Position**

|  | <b>Governmental Activities</b> |                       | <b>Business Type Activities</b> |                      |
|--|--------------------------------|-----------------------|---------------------------------|----------------------|
|  | <b>June 30, 2025</b>           | <b>June 30, 2024</b>  | <b>June 30, 2025</b>            | <b>June 30, 2024</b> |
| <b>Assets</b>                                  |                                |                       |                                 |                      |
| Cash   | \$ 83,410,109                  | \$ 81,191,043         | \$ 4,880,979                    | \$ 3,151,887         |
| Accounts receivable                            | 3,997,844                      | 2,707,955             | 69,852                          | 373,835              |
| Internal balances                              | 9,108                          | (167,213)             | (9,108)                         | 167,213              |
| Inventory                                      | 56,830                         | 18,304                | -                               | -                    |
| Lease receivable                               | 545,673                        | 587,232               | -                               | -                    |
| Capital, lease, & SBITA assets, net            | 266,289,325                    | 243,108,851           | 979,879                         | 1,007,973            |
| <b>Total Assets</b>                            | <b>\$ 354,308,889</b>          | <b>\$ 327,446,172</b> | <b>\$ 5,921,602</b>             | <b>\$ 4,700,908</b>  |
| <b>Deferred Outflows of Resources</b>          |                                |                       |                                 |                      |
| Deferred outflows of resources - pensions      | \$ 22,194,835                  | \$ 24,072,684         | \$ 1,027,236                    | \$ 1,082,087         |
| Deferred outflows of resources - OPEB          | 898,171                        | 1,232,912             | 422,397                         | 475,479              |
| Deferred outflows of resources - debt related  | 1,070,202                      | 1,136,003             | -                               | -                    |
| <b>Total Deferred Outflows of Resources</b>    | <b>\$ 24,163,208</b>           | <b>\$ 26,441,599</b>  | <b>\$ 1,449,633</b>             | <b>\$ 1,557,566</b>  |
| <b>Liabilities</b>                             |                                |                       |                                 |                      |
| Accounts payable and other current liabilities | \$ 6,270,657                   | \$ 8,734,385          | \$ 152,240                      | \$ 174,500           |
| Unearned revenue                               | 432,635                        | 423,193               | 344,658                         | 139,646              |
| Long-term liabilities                          | 249,489,665                    | 227,332,302           | 3,310,110                       | 3,305,889            |
| <b>Total Liabilities</b>                       | <b>\$ 256,192,957</b>          | <b>\$ 236,489,880</b> | <b>\$ 3,807,008</b>             | <b>\$ 3,620,035</b>  |
| <b>Deferred Inflows of Resources</b>           |                                |                       |                                 |                      |
| Deferred inflows of resources - pensions       | \$ 5,896,180                   | \$ 6,217,183          | \$ 387,264                      | \$ 1,243,714         |
| Deferred inflows of resources - OPEB           | 6,212,204                      | 6,886,764             | 529,681                         | 632,393              |
| Deferred inflows of resources - GASB 87        | 508,174                        | 556,696               | -                               | -                    |
| <b>Total Deferred Inflows of Resources</b>     | <b>\$ 12,616,558</b>           | <b>\$ 13,660,643</b>  | <b>\$ 916,945</b>               | <b>\$ 1,876,107</b>  |
| <b>Net Position</b>                            |                                |                       |                                 |                      |
| Net investment in capital assets               | \$ 117,379,566                 | \$ 116,795,134        | \$ 979,879                      | \$ 1,007,973         |
| Restricted                                     | 48,941,439                     | 45,077,204            | -                               | -                    |
| Unrestricted                                   | (56,658,423)                   | (62,258,560)          | 1,667,403                       | (245,641)            |
| <b>Total Net Position</b>                      | <b>\$ 109,662,582</b>          | <b>\$ 99,613,778</b>  | <b>\$ 2,647,282</b>             | <b>\$ 762,332</b>    |

### *Comparative Statement of Changes in Net Position*

The comparative statement of changes in net position for Del Mar Union School District, covering fiscal years 2023-24 and 2024-25, highlights several important trends:

- **Total Revenues** increased by \$2.4 million, from \$97.4 million in 2023-24 to \$99.8 million in 2024-25. This growth was primarily driven by higher property tax collections (up \$3.4 million) and increased federal and state aid (up \$1.4 million), partially offset by a \$1.3 million decrease in investment earnings and a \$1.1 million decrease in operating grants and contributions. Charges for services also declined by \$0.26 million, mainly in governmental activities.
- **Total Expenses** remained relatively flat, decreasing slightly by \$0.3 million to \$87.1 million in 2024-25. Notable changes included a \$3.1 million reduction in plant services expenses, a \$1.5 million increase in instruction expenses, and a \$1.0 million increase in general administration. Business-type activities (childcare services) expenses increased by \$0.28 million.

- **Net Position** increased by \$12.6 million in 2024-25, compared to a \$9.9 million increase in 2023-24. The ending net position rose from \$100.4 million to \$113.0 million, reflecting improved financial performance and a stronger overall financial position for the District.

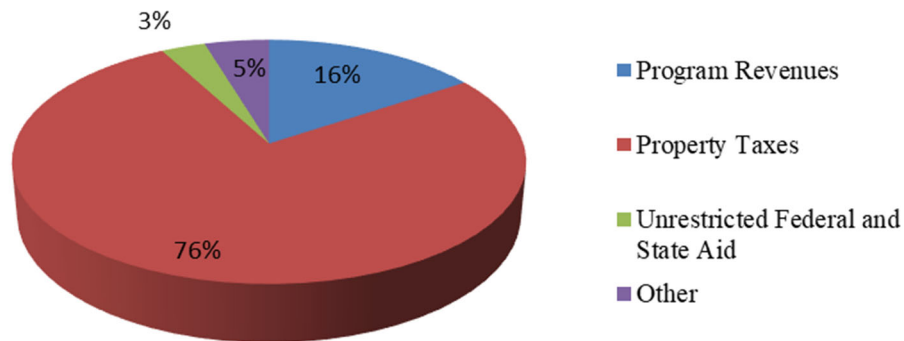
The District experienced revenue growth in 2024-25, primarily from property taxes and state/federal aid, while maintaining stable overall expenses. The resulting increase in net position demonstrates continued fiscal strength and effective resource management, positioning the District well for future financial stability

(Table 2)  
Comparative Statement of Change in Net Position

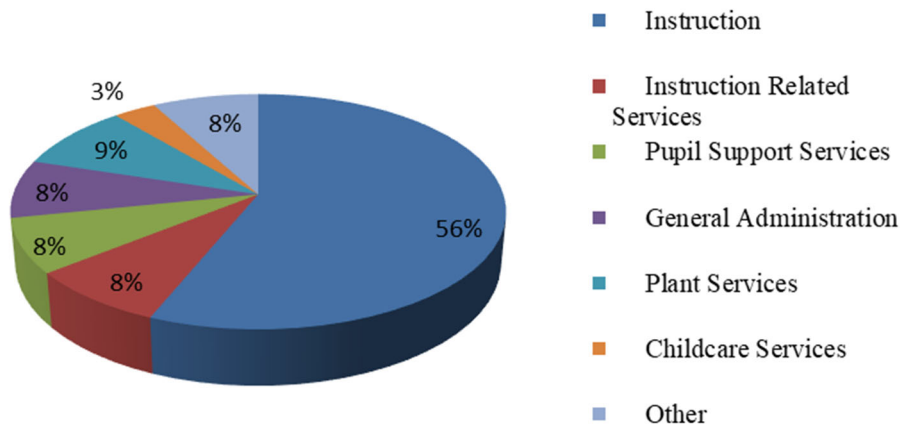
|  | Governmental Activities     |                             | Business Type Activities    |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | Year Ended<br>June 30, 2025 | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2025 | Year Ended<br>June 30, 2024 |
| <b>Revenues</b>                          |                             |                             |                             |                             |
| Program revenues                         |                             |                             |                             |                             |
| Charges for services                     | \$ 415,885                  | \$ 798,097                  | \$ 4,519,809                | \$ 4,401,256                |
| Operating grants and contributions       | 10,703,601                  | 11,812,687                  | (2,259)                     | (4,086)                     |
| Capital grants and contributions         | 25                          | 18                          | -                           | -                           |
| General revenues                         |                             |                             |                             |                             |
| Taxes levied for general purposes        | 65,133,468                  | 61,713,502                  | -                           | -                           |
| Taxes levied for debt service            | 6,401,202                   | 6,224,076                   | -                           | -                           |
| Taxes levied for other specific purposes | 4,706,775                   | 4,636,294                   | -                           | -                           |
| Federal and state aid not restricted     | 3,203,900                   | 1,807,330                   | -                           | -                           |
| Interest and investment earnings         | 4,498,661                   | 5,885,391                   | 181,912                     | 101,698                     |
| Miscellaneous                            | -                           | -                           | -                           | -                           |
| Total Revenues                           | 95,063,517                  | 92,877,395                  | 4,699,462                   | 4,498,868                   |
| <b>Expenses</b>                          |                             |                             |                             |                             |
| Instruction                              | 48,970,069                  | 47,483,955                  | -                           | -                           |
| Instruction Related Services             | 7,038,455                   | 7,017,808                   | -                           | -                           |
| Pupil Support Services                   | 6,548,369                   | 6,688,481                   | -                           | -                           |
| General Administration                   | 6,971,236                   | 5,969,185                   | -                           | -                           |
| Plant Services                           | 7,831,233                   | 10,919,049                  | -                           | -                           |
| Childcare Services                       | -                           | -                           | 2,799,624                   | 2,522,854                   |
| Other                                    | 6,956,739                   | 6,833,975                   | -                           | -                           |
| Total Expenses                           | 84,316,101                  | 84,912,453                  | 2,799,624                   | 2,522,854                   |
| Increase (Decrease) in Net Position      | 10,747,416                  | 7,964,942                   | 1,899,838                   | 1,976,014                   |
| Net Position - Beginning Balance*        | 98,915,166                  | 91,648,836                  | 747,444                     | (1,213,682)                 |
| Net Position - Ending Balance            | \$ 109,662,582              | \$ 99,613,778               | \$ 2,647,282                | \$ 762,332                  |

\*Adjusted in 2025 for GASB 101 implementation

**Sources of Revenue for the 2024-25 Fiscal Year  
Figure 1**



**Expenses for the 2024-25 Fiscal Year  
Figure 2**



## FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The District's General Fund financial statements for 2024-25 demonstrate improved fiscal performance, with revenues exceeding budget, expenditures well managed, and a significant increase in fund balance. The District continues to maintain strong reserves, supporting its financial stability and ability to respond to future challenges.

### General Fund Budgetary Highlights

For 2024-25, the Del Mar Union School District's General Fund ended with a fund balance of \$26,159,574, an increase of \$2,505,432 from the prior year. Actual revenues totaled \$81,715,092, exceeding the final budget by \$1,376,095. This positive variance was primarily due to higher-than-expected local property taxes, state revenue, and investment income. Actual expenditures were \$79,348,751, which was \$2,626,011 under budget, with the largest decreases in books and supplies and capital outlay.

The net change in fund balance was \$4,002,106 better than budgeted, indicating strong fiscal performance for the year. Some minor overages occurred in classified salaries, other outgo, and debt service, but these did not materially affect the overall financial position. The General Fund's unassigned and assigned fund balance represented a healthy reserve well above state minimum requirements.

In comparison, for 2023-24, the General Fund ended with a deficit of \$1,873,342, reducing the fund balance to \$21,508,351. Actual revenues exceeded the final budget by \$1,255,594, but expenditures were \$1,330,487 over budget, mainly due to underestimated salary costs and reclassification of certain payments. Despite the deficit, the District maintained reserves at 24.44% of expenditures, well above the state-recommended minimum. The 2024-25 budget projected a return to surplus and an increase in reserves to 40.77% of expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets, Lease Assets, and SBITA Assets

The District's capital asset base grew substantially in 2024-25 due to major construction and facility improvements, while lease and SBITA asset balances declined as a result of scheduled amortization and no new additions. These trends reflect the District's continued investment in infrastructure and technology, as well as adherence to updated accounting standards for leases and subscription-based IT arrangements

**(Table 3)**  
**Comparative Schedule of Capital, Lease, & SBITA Assets**  
**June 30, 2025 and 2024**

|                                   | 2025                  | 2024                  | Net \$<br>Change     | Net %<br>Change |
|-----------------------------------|-----------------------|-----------------------|----------------------|-----------------|
| Land                              | \$ 47,803,718         | \$ 47,803,718         | \$ 0                 | 0.0%            |
| Work in Progress                  | 32,373,289            | 80,367,727            | (47,994,438)         | -59.7%          |
| Land Improvements                 | 7,724,051             | 7,636,926             | 87,125               | 1.1%            |
| Buildings & Improvements          | 230,557,019           | 156,664,169           | 73,892,850           | 47.2%           |
| Equipment                         | 7,673,062             | 5,252,498             | 2,420,564            | 46.1%           |
| Less Accumulated Depreciation for |                       |                       |                      |                 |
| Land Improvements                 | (2,360,016)           | (2,349,384)           | (10,632)             | 0.5%            |
| Buildings & Improvements          | (53,517,642)          | (48,731,816)          | (4,785,826)          | 9.8%            |
| Equipment                         | (3,237,742)           | (2,873,056)           | (364,686)            | 12.7%           |
| Lease Assets                      |                       |                       |                      |                 |
| Equipment                         | 1,643,848             | 1,643,848             | 0                    | 0.0%            |
| Less Accumulated Amortization     | (1,414,488)           | (1,059,435)           | (355,053)            | 33.5%           |
| SBITA Assets                      |                       |                       |                      |                 |
| Information Technology Agreements | 339,812               | 345,536               | (5,724)              | -1.7%           |
| Less Accumulated Amortization     | (315,707)             | (208,161)             | (107,546)            | 51.7%           |
| Total                             | <u>\$ 267,269,204</u> | <u>\$ 244,492,570</u> | <u>\$ 22,776,634</u> | <u>9.3%</u>     |



## Long-Term Debt

The District's long-term debt increased in 2024-25 due to the issuance of new general obligation bonds for capital projects, while regular principal repayments continued. This activity supports the District's ongoing investment in educational facilities and infrastructure, and demonstrates a commitment to prudent debt management and long-term financial health.

(Table 4)  
**Comparative Schedule of Long-Term Debt**  
June 30, 2025 and 2024

|                          | <u>2025</u>           | <u>2024</u>           | <u>Net \$ Change</u> | <u>Net % Change</u> |
|--------------------------|-----------------------|-----------------------|----------------------|---------------------|
| General Obligation Bonds | \$ 135,133,789        | \$ 109,518,626        | \$ 25,615,163        | 23.4%               |
| Special Tax Bonds        | 50,136,332            | 51,392,365            | (1,256,033)          | -2.4%               |
| Leases Payable           | 286,699               | 752,614               | (465,915)            | -61.9%              |
| SBITAs Payable           | <u>0</u>              | <u>119,877</u>        | <u>(119,877)</u>     | <u>-100.0%</u>      |
| Total Long-Term Debt     | <u>\$ 185,556,820</u> | <u>\$ 161,783,482</u> | <u>\$ 23,773,338</u> | <u>14.7%</u>        |

## GENERAL OBLIGATION BOND

On November 6, 2018, the voters of the Del Mar Union School District community voted to approve Measure MM to authorize the District to issue \$186 million of general obligation bonds for construction, reconstruction and modernization of Del Mar Union School District facilities. This bond measure passed with over 61% of votes cast in favor to authorize the issuance and sale.

The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and interest on the Bonds upon all property subject to taxation by the District. The amount of the annual *ad valorem* taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year.

The Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A were issued in October 2019 in the principal amount of \$55,285,000 and are rated Aaa by Moody's Investors Services

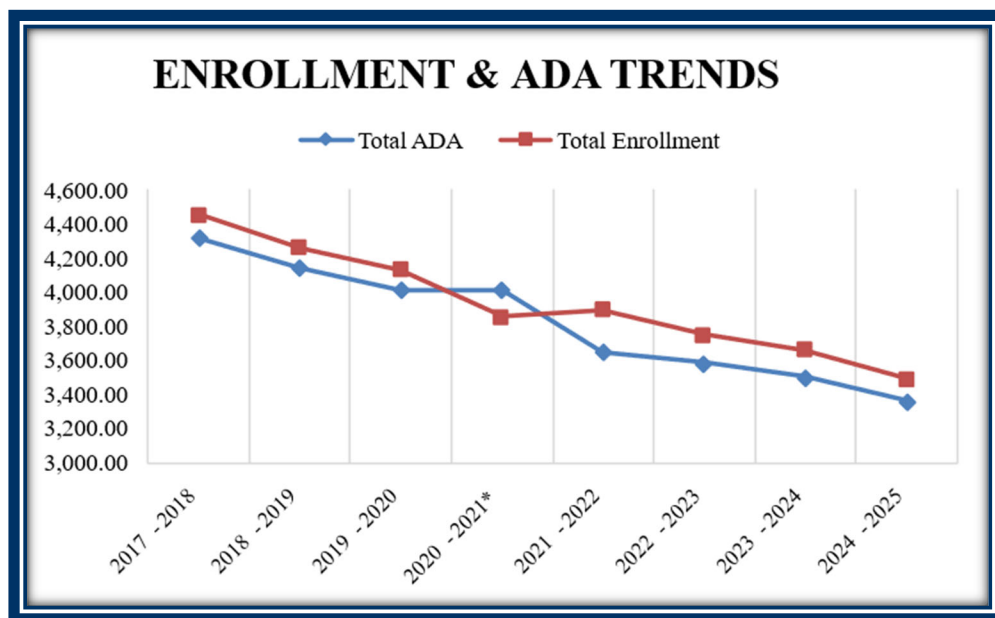
The Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2022 B were issued in May 2022 in the principal amount of \$64,000,000 and are rated Aaa by Moody's Investors Services

The Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2024 C were issued in October 2024 in the principal amount of \$27,000,000 and are rated Aaa by Moody's Investors Services

\$39,715,000 remains available for issuance under the Measure MM authorization.

## ENROLLMENT & AVERAGE DAILY ATTENDANCE (ADA) TRENDS

The following chart shows the District's enrollment and ADA trends from 2017-2018 through 2024-25:



\*Districts held harmless to 2019-2020 ADA.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2025-26 California enacted budget, and requisite trailer bills approved new and or augmented funding streams for transitional kindergarten add-on in the Local Control Funding Formula, the Student Support and Professional Development Discretionary Block Grant, the Learning Recovery Emergency Block Grant and additional appropriations for local education agencies (LEA) participating in the Expanded Learning Opportunities Program Tier 2.

Funded average daily attendance (ADA) has changed drastically in recent years as the Governor and Legislature provided additional relief to combat the significant declining enrollment. Those policies provided an off-ramp rather than a fiscal cliff, which ended last year. The 2024-25 fiscal year was the final year for LEAs to benefit from the positive impact of the 2021-22 hold harmless policies; however, moving forward, LEAs will continue to be able to claim ADA based on current-year, prior-year, or a three-year average, whichever is greater.

Beginning in 2025-26, LEAs are allowed to recover up to ten absences per year through the inaugural Attendance Recovery program. This program is available to LEAs serving classroom-based student populations and can be offered before and after school, as well as during weekends and intersessions.

Cash deferrals are back for a second consecutive year with \$1.9 billion scheduled to be deferred from June 2026 to July 2026. Although state revenues are trending ahead of projections, it is still prudent to plan as if the deferrals will occur as planned.

Despite positive outlooks for school funding, costs of salaries, pensions, and other employee benefits continue to rise. The District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, at Del Mar Union School District, 11232 El Camino Real, Ste. 100, San Diego CA 92130.

## Basic Financial Statements



# Del Mar Union School District

## Statement of Net Position

June 30, 2025

|  | Primary Government      |                          |                       | Component Unit   |
|--|-------------------------|--------------------------|-----------------------|------------------|
|  | Governmental Activities | Business-Type Activities | Total                 |                  |
| <b>Assets</b>                                  |                         |                          |                       |                  |
| Cash and Cash Equivalents                      | \$ 83,410,109           | \$ 4,880,979             | \$ 88,291,088         | \$ 66,518        |
| Receivables                                    | 3,997,844               | 69,852                   | 4,067,696             | -                |
| Internal Balances                              | 9,108                   | (9,108)                  | -                     | -                |
| Inventory                                      | 56,830                  | -                        | 56,830                | -                |
| Lease Receivable                               | 545,673                 | -                        | 545,673               | -                |
| Capital Assets:                                |                         |                          |                       |                  |
| Land   | 47,803,718              | -                        | 47,803,718            | -                |
| Improvements                                   | 7,724,051               | -                        | 7,724,051             | -                |
| Buildings                                      | 229,173,300             | 1,383,719                | 230,557,019           | -                |
| Equipment                                      | 7,673,062               | -                        | 7,673,062             | -                |
| Work in Progress                               | 32,373,289              | -                        | 32,373,289            | -                |
| Less Accumulated Depreciation                  | (58,711,560)            | (403,840)                | (59,115,400)          | -                |
| Lease Assets                                   |                         |                          |                       |                  |
| Equipment                                      | 1,643,848               | -                        | 1,643,848             | -                |
| Less Accumulated Amortization                  | (1,414,488)             | -                        | (1,414,488)           | -                |
| SBITA Assets                                   |                         |                          |                       |                  |
| Information Technology Agreements              | 339,812                 | -                        | 339,812               | -                |
| Less Accumulated Amortization                  | (315,707)               | -                        | (315,707)             | -                |
|  | <u>354,308,889</u>      | <u>5,921,602</u>         | <u>360,230,491</u>    | <u>66,518</u>    |
| <b>Deferred Outflows of Resources</b>          | <u>24,163,208</u>       | <u>1,449,633</u>         | <u>25,612,841</u>     | <u>-</u>         |
| <b>Liabilities</b>                             |                         |                          |                       |                  |
| Accounts Payable and Other Current Liabilities | 6,270,657               | 152,240                  | 6,422,897             | 2,360            |
| Unearned Revenue                               | 432,635                 | 344,658                  | 777,293               | -                |
| Long-Term Liabilities:                         |                         |                          |                       |                  |
| Due Within One Year                            | 5,354,465               | 37,677                   | 5,392,142             | -                |
| Due in More Than One Year                      | <u>244,135,200</u>      | <u>3,272,433</u>         | <u>247,407,633</u>    | <u>-</u>         |
| Total Liabilities                              | <u>256,192,957</u>      | <u>3,807,008</u>         | <u>259,999,965</u>    | <u>2,360</u>     |
| <b>Deferred Inflows of Resources</b>           | <u>12,616,558</u>       | <u>916,945</u>           | <u>13,533,503</u>     | <u>-</u>         |
| <b>Net Position</b>                            |                         |                          |                       |                  |
| Net Investment in Capital Assets               | 117,379,566             | 979,879                  | 118,359,445           | -                |
| Restricted for:                                |                         |                          |                       |                  |
| Capital Projects                               | 38,998,116              | -                        | 38,998,116            | -                |
| Debt Service                                   | 5,872,380               | -                        | 5,872,380             | -                |
| Educational Programs                           | 3,453,670               | -                        | 3,453,670             | -                |
| Other Purposes (Expendable)                    | 535,443                 | -                        | 535,443               | -                |
| Other Purposes (Nonexpendable)                 | 81,830                  | -                        | 81,830                | -                |
| Unrestricted                                   | <u>(56,658,423)</u>     | <u>1,667,403</u>         | <u>(54,991,020)</u>   | <u>64,158</u>    |
| Total Net Position                             | <u>\$ 109,662,582</u>   | <u>\$ 2,647,282</u>      | <u>\$ 112,309,864</u> | <u>\$ 64,158</u> |

The accompanying notes to the financial statements are an integral part of this statement.

# Del Mar Union School District

## Statement of Activities

For the Year Ended June 30, 2025

| Functions                                       | Expenses      | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                 |                |
|---|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|----------------|
|   |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                 | Component Unit |
|   |               |                      |                                    |                                  | Governmental Activities                           | Business Type Activities | Total           |                |
| Governmental Activities:                        |               |                      |                                    |                                  |   |                          |                 |                |
| Instruction                                     | \$ 48,970,069 | \$ 232,669           | \$ 5,286,355                       | \$ 25                            | \$ (43,451,020)                                   |                          | \$ (43,451,020) |                |
| Instruction-Related Services                    |               |                      |                                    |                                  |   |                          |                 |                |
| Instructional Supervision and Administration    | 3,391,212     | 14,828               | 527,905                            | -                                | (2,848,479)                                       |                          | (2,848,479)     |                |
| Instructional Library, Media and Technology     | 383,964       | -                    | -                                  | -                                | (383,964)   |                          | (383,964)       |                |
| School Site Administration                      | 3,263,279     | -                    | (24,223)                           | -                                | (3,287,502)                                       |                          | (3,287,502)     |                |
| Pupil Services                                  |               |                      |                                    |                                  |   |                          |                 |                |
| Home-to-School Transportation                   | 1,423,090     | -                    | -                                  | -                                | (1,423,090)                                       |                          | (1,423,090)     |                |
| Food Services                                   | 1,923,570     | 106,038              | 2,079,023                          | -                                | 261,491   |                          | 261,491         |                |
| All Other Pupil Services                        | 3,201,709     | 10,914               | 435,555                            | -                                | (2,755,240)                                       |                          | (2,755,240)     |                |
| General Administration                          |               |                      |                                    |                                  |   |                          |                 |                |
| Centralized Data Processing                     | 2,520,032     | -                    | (2,636)                            | -                                | (2,522,668)                                       |                          | (2,522,668)     |                |
| All Other General Administration                | 4,451,204     | 18                   | 214,501                            | -                                | (4,236,685)                                       |                          | (4,236,685)     |                |
| Plant Services                                  | 7,831,233     | 3,645                | 70,681                             | -                                | (7,756,907)                                       |                          | (7,756,907)     |                |
| Ancillary Services                              | 917,567       | -                    | 1,297,014                          | -                                | 379,447   |                          | 379,447         |                |
| Interest on Long-Term Debt                      | 5,658,716     | -                    | -                                  | -                                | (5,658,716)                                       |                          | (5,658,716)     |                |
| Debt Issuance Costs                             | 279,089       | -                    | -                                  | -                                | (279,089)   |                          | (279,089)       |                |
| Transfers Between Agencies                      | 101,367       | 47,773               | 819,426                            | -                                | 765,832   |                          | 765,832         |                |
| Total Governmental Activities                   | 84,316,101    | 415,885              | 10,703,601                         | 25                               | (73,196,590)                                      |                          | (73,196,590)    |                |
| Business Type Activities:                       |               |                      |                                    |                                  |   |                          |                 |                |
| Child Care Services                             | 2,799,624     | 4,519,809            | (2,259)                            | -                                |   | \$ 1,717,926             | 1,717,926       |                |
| Total Business Type Activities                  | 2,799,624     | 4,519,809            | (2,259)                            | -                                |   | 1,717,926                | 1,717,926       |                |
| Component Unit:                                 |               |                      |                                    |                                  |   |                          |                 |                |
| Educational Grants                              | 950,000       | -                    | 1,098,061                          | -                                |   |                          |                 | \$ 148,061     |
| Management and General                          | 102,764       | -                    | -                                  | -                                |   |                          |                 | (102,764)      |
| Fundraising                                     | 56,697        | -                    | -                                  | -                                |   |                          |                 | (56,697)       |
| Total Component Unit                            | 1,109,461     | -                    | 1,098,061                          | -                                |   |                          |                 | (11,400)       |
| Total   | \$ 88,225,186 | \$ 4,935,694         | \$ 11,799,403                      | \$ 25                            | \$ (73,196,590)                                   | \$ 1,717,926             | \$ (71,478,664) | \$ (11,400)    |
| General Revenues:                               |               |                      |                                    |                                  |   |                          |                 |                |
| Taxes and Subventions:                          |               |                      |                                    |                                  |   |                          |                 |                |
| Taxes Levied for General Purposes               |               |                      |                                    |                                  | \$ 65,133,468                                     | \$ -                     | \$ 65,133,468   | \$ -           |
| Taxes Levied for Debt Service                   |               |                      |                                    |                                  | 6,401,202   | -                        | 6,401,202       | -              |
| Taxes Levied for Other Specific Purposes        |               |                      |                                    |                                  | 4,706,775   | -                        | 4,706,775       | -              |
| Federal and State Aid, Not Restricted           |               |                      |                                    |                                  | 3,203,900   | -                        | 3,203,900       | -              |
| Interest and Investment Earnings/(Loss)         |               |                      |                                    |                                  | 4,498,661   | 181,912                  | 4,680,573       | 19,386         |
| Total General Revenues                          |               |                      |                                    |                                  | 83,944,006  | 181,912                  | 84,125,918      | 19,386         |
| Change in Net Position                          |               |                      |                                    |                                  | 10,747,416  | 1,899,838                | 12,647,254      | 7,986          |
| Net Position, Beginning, as Previously Reported |               |                      |                                    |                                  | 99,613,778  | 762,332                  | 100,376,110     | 56,172         |
| Adjustment for GASB 101 Implementation (Note A) |               |                      |                                    |                                  | (698,612)   | (14,888)                 | (713,500)       | -              |
| Net Position, Beginning, as Restated            |               |                      |                                    |                                  | 98,915,166  | 747,444                  | 99,662,610      | 56,172         |
| Net Position, Ending                            |               |                      |                                    |                                  | \$ 109,662,582                                    | \$ 2,647,282             | \$ 112,309,864  | \$ 64,158      |

The accompanying notes to the financial statements are an integral part of this statement.

# Del Mar Union School District

## Balance Sheet – Governmental Funds

June 30, 2025

|  |                      |                      | Blended Component Unit Funds |                         |                                   |                                |
|--|----------------------|----------------------|------------------------------|-------------------------|-----------------------------------|--------------------------------|
|  | General<br>Fund      | Building<br>Fund     | Capital<br>Project<br>Fund   | Debt<br>Service<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>Assets</b>  |                      |                      |                              |                         |                                   |                                |
| Cash and Investments                                   | \$ 25,069,488        | \$ 18,995,352        | \$ 19,536,962                | \$ -                    | \$ 19,808,307                     | \$ 83,410,109                  |
| Accounts Receivable                                    | 2,944,712            | 352,062              | 263,317                      | -                       | 437,753                           | 3,997,844                      |
| Due from Other Funds                                   | 269,966              | -                    | -                            | -                       | 1,843                             | 271,809                        |
| Inventory  | -                    | -                    | -                            | -                       | 56,830                            | 56,830                         |
| Lease Receivable                                       | 545,673              | -                    | -                            | -                       | -                                 | 545,673                        |
| Total Assets   | <u>\$ 28,829,839</u> | <u>\$ 19,347,414</u> | <u>\$ 19,800,279</u>         | <u>\$ -</u>             | <u>\$ 20,304,733</u>              | <u>\$ 88,282,265</u>           |
| <b>Liabilities, Deferred Inflows, and Fund Balance</b> |                      |                      |                              |                         |                                   |                                |
| Liabilities:   |                      |                      |                              |                         |                                   |                                |
| Accounts Payable                                       | \$ 1,508,858         | \$ 2,493,425         | \$ 7,207                     | \$ -                    | \$ 41,718                         | \$ 4,051,208                   |
| Due to Other Funds                                     | 262,701              | -                    | -                            | -                       | -                                 | 262,701                        |
| Unearned Revenue                                       | 390,532              | -                    | -                            | -                       | 42,103                            | 432,635                        |
| Total Liabilities                                      | <u>2,162,091</u>     | <u>2,493,425</u>     | <u>7,207</u>                 | <u>-</u>                | <u>83,821</u>                     | <u>4,746,544</u>               |
| Deferred Inflows of Resources:                         |                      |                      |                              |                         |                                   |                                |
| Deferred Lease Revenue                                 | 508,174              | -                    | -                            | -                       | -                                 | 508,174                        |
| Total Deferred Inflows of Resources                    | <u>508,174</u>       | <u>-</u>             | <u>-</u>                     | <u>-</u>                | <u>-</u>                          | <u>508,174</u>                 |
| Fund Balance:  |                      |                      |                              |                         |                                   |                                |
| Nonspendable Fund Balances                             | 25,000               | -                    | -                            | -                       | 56,830                            | 81,830                         |
| Restricted Fund Balances                               | 3,509,875            | 16,853,989           | 19,793,072                   | -                       | 8,702,673                         | 48,859,609                     |
| Committed Fund Balances                                | -                    | -                    | -                            | -                       | 3,427,373                         | 3,427,373                      |
| Assigned Fund Balances                                 | 14,937,192           | -                    | -                            | -                       | 8,034,036                         | 22,971,228                     |
| Unassigned Fund Balances                               | 7,687,507            | -                    | -                            | -                       | -                                 | 7,687,507                      |
| Total Fund Balance                                     | <u>26,159,574</u>    | <u>16,853,989</u>    | <u>19,793,072</u>            | <u>-</u>                | <u>20,220,912</u>                 | <u>83,027,547</u>              |
| Total Liabilities, Deferred Inflows, and Fund Balance  | <u>\$ 28,829,839</u> | <u>\$ 19,347,414</u> | <u>\$ 19,800,279</u>         | <u>\$ -</u>             | <u>\$ 20,304,733</u>              | <u>\$ 88,282,265</u>           |

The accompanying notes to the financial statements are an integral part of this statement.

## Del Mar Union School District

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

---

**Total fund balances governmental funds:** \$ 83,027,547

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

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

|  |                     |             |
|--|---------------------|-------------|
| Capital assets relating to governmental activities, at historical cost | 324,747,420         |             |
| Accumulated depreciation   | <u>(58,711,560)</u> |             |
| Net  |                     | 266,035,860 |
| Lease assets relating to governmental activities, at historical cost   | 1,643,848           |             |
| Accumulated amortization   | <u>(1,414,488)</u>  |             |
| Net  |                     | 229,360     |
| SBITA assets relating to governmental activities, at historical cost   | 339,812             |             |
| Accumulated amortization   | <u>(315,707)</u>    |             |
| Net  |                     | 24,105      |

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:

420,050

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturred interest owing at the end of the period was:

(2,219,449)

## Del Mar Union School District

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued June 30, 2025

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

|                                  |              |               |
|----------------------------------|--------------|---------------|
| General obligation bonds payable | 135,133,789  |               |
| Leases payable                   | 286,699      |               |
| Special tax bonds payable        | 50,136,332   |               |
| Net pension liability            | 54,687,645   |               |
| Net OPEB liability               | 8,341,454    |               |
| Compensated absences             | 903,746      |               |
|                                  | <u>Total</u> | (249,489,665) |

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:

650,152

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

|   |             |            |
|---|-------------|------------|
| Deferred outflows of resources relating to pensions | 22,194,835  |            |
| Deferred inflows of resources relating to pensions  | (5,896,180) |            |
|   | <u>Net</u>  | 16,298,655 |

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

|   |             |                    |
|---|-------------|--------------------|
| Deferred outflows of resources relating to OPEB | 898,171     |                    |
| Deferred inflows of resources relating to OPEB  | (6,212,204) |                    |
|   | <u>Net</u>  | <u>(5,314,033)</u> |

|  |                              |
|--|------------------------------|
| <b>Total net position governmental activities:</b> | <u><u>\$ 109,662,582</u></u> |
|--|------------------------------|

# Del Mar Union School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2025

|  | General<br>Fund | Building<br>Fund | Blended Component Unit Funds |                         | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------|------------------|------------------------------|-------------------------|-----------------------------------|--------------------------------|
|  |                 |                  | Capital<br>Project<br>Fund   | Debt<br>Service<br>Fund |                                   |                                |
| <b>Revenues</b>  |                 |                  |                              |                         |                                   |                                |
| State Apportionment  | \$ 1,170,350    | \$ -             | \$ -                         | \$ -                    | \$ -                              | \$ 1,170,350                   |
| Education Protection Account Funds                                   | 724,690         | -                | -                            | -                       | -                                 | 724,690                        |
| Local Property Taxes   | 64,809,224      | -                | 4,706,775                    | -                       | 6,725,446                         | 76,241,445                     |
| Federal Revenue  | 1,163,652       | -                | -                            | -                       | 535,867                           | 1,699,519                      |
| Other State Revenue  | 7,432,087       | -                | -                            | -                       | 1,751,408                         | 9,183,495                      |
| Interest & Investment Income/(Loss)                                  | 1,426,996       | 1,251,390        | 921,964                      | -                       | 898,311                           | 4,498,661                      |
| Other Local Revenue  | 5,127,184       | -                | -                            | -                       | 254,309                           | 5,381,493                      |
| Total Revenues   | 81,854,183      | 1,251,390        | 5,628,739                    | -                       | 10,165,341                        | 98,899,653                     |
| <b>Expenditures</b>  |                 |                  |                              |                         |                                   |                                |
| Current Expenditures:  |                 |                  |                              |                         |                                   |                                |
| Instruction  | 49,756,365      | -                | -                            | -                       | -                                 | 49,756,365                     |
| Instruction - Related Services                                       | 8,249,555       | -                | -                            | -                       | -                                 | 8,249,555                      |
| Pupil Services   | 5,151,859       | -                | -                            | -                       | 2,130,646                         | 7,282,505                      |
| Ancillary Services   | 928,641         | -                | -                            | -                       | -                                 | 928,641                        |
| General Administration   | 6,548,645       | -                | -                            | -                       | 5,499                             | 6,554,144                      |
| Plant Services   | 7,932,263       | 31,912           | 3,534                        | -                       | 78,055                            | 8,045,764                      |
| Debt Issue Costs   | -               | 264,650          | -                            | -                       | -                                 | 264,650                        |
| Transfers Between Agencies   | 101,367         | -                | -                            | -                       | -                                 | 101,367                        |
| Capital Outlay   | 94,104          | 29,527,949       | -                            | -                       | 8,301                             | 29,630,354                     |
| Debt Service:  |                 |                  |                              |                         |                                   |                                |
| Principal  | 585,792         | -                | -                            | 1,135,000               | 2,415,000                         | 4,135,792                      |
| Interest   | 160             | -                | -                            | 1,819,438               | 4,237,188                         | 6,056,786                      |
| Total Expenditures   | 79,348,751      | 29,824,511       | 3,534                        | 2,954,438               | 8,874,689                         | 121,005,923                    |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | 2,505,432       | (28,573,121)     | 5,625,205                    | (2,954,438)             | 1,290,652                         | (22,106,270)                   |
| <b>Other Financing Sources (Uses):</b>                               |                 |                  |                              |                         |                                   |                                |
| Transfers In   | -               | -                | -                            | 2,954,438               | -                                 | 2,954,438                      |
| Transfers Out  | -               | -                | (2,954,438)                  | -                       | -                                 | (2,954,438)                    |
| Proceeds from Sale of Bonds  | -               | 27,079,650       | -                            | -                       | 1,094,670                         | 28,174,320                     |
| Total Other Financing Sources (Uses)                                 | -               | 27,079,650       | (2,954,438)                  | 2,954,438               | 1,094,670                         | 28,174,320                     |
| <b>Net Change in Fund Balance</b>                                    | 2,505,432       | (1,493,471)      | 2,670,767                    | -                       | 2,385,322                         | 6,068,050                      |
| <b>Fund Balance, Beginning of Year</b>                               | 23,654,142      | 18,347,460       | 17,122,305                   | -                       | 17,835,590                        | 76,959,497                     |
| <b>Fund Balance, End of Year</b>                                     | \$ 26,159,574   | \$ 16,853,989    | \$ 19,793,072                | \$ -                    | \$ 20,220,912                     | \$ 83,027,547                  |

The accompanying notes to the financial statements are an integral part of this statement.

## Del Mar Union School District

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2025

---

|   |                     |
|---|---------------------|
| <b>Total change in fund balances, governmental funds:</b> | <b>\$ 6,068,050</b> |
|---|---------------------|

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

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

|                                 |                  |            |
|---------------------------------|------------------|------------|
| Expenditures for capital outlay | 29,630,354       |            |
| Depreciation expense            | (5,501,589)      |            |
| Amortization expense            | <u>(468,323)</u> |            |
|                                 | Net              | 23,660,442 |

|   |           |
|---|-----------|
| Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: | (325,810) |
|---|-----------|

|  |           |
|--|-----------|
| Cost write-off for canceled capital projects: If a planned capital project is canceled and will not be completed, costs previously capitalized as Work in Progress must be written off to expense. Costs written off for canceled projects were: | (154,158) |
|--|-----------|

|  |           |
|--|-----------|
| Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | 4,135,792 |
|--|-----------|

|  |              |
|--|--------------|
| Debt proceeds: 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. Amounts recognized in governmental funds as proceeds from debt were: | (28,174,320) |
|--|--------------|

## Del Mar Union School District

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Continued For the Year Ended June 30, 2025

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Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:

|   |          |          |
|---|----------|----------|
| Prepaid debt insurance incurred during the period | -        |          |
| Prepaid debt insurance amortized for the period   | (14,439) |          |
| Net   |          | (14,439) |

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

64,363

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

24,434

Pensions: 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 and actual employer contributions was:

5,187,302

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

61,932

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:

213,828

**Change in net position of governmental activities:** \$ 10,747,416



# Del Mar Union School District

## Statement of Net Position – Enterprise Fund

June 30, 2025

|   | Enterprise<br>Fund          |
|---|-----------------------------|
|   | Child Care<br>Services Fund |
| <b>Assets</b>                             |                             |
| Current Assets                            |                             |
| Cash and Investments                      | \$ 4,880,979                |
| Accounts Receivable                       | 69,852                      |
| Due from Other Funds                      | 260,858                     |
| Total Current Assets                      | <u>5,211,689</u>            |
| Noncurrent Assets                         |                             |
| Buildings and Improvements                | 1,383,719                   |
| Accumulated Depreciation                  | (403,840)                   |
| Total Noncurrent Assets                   | <u>979,879</u>              |
| Total Assets                              | <u><u>\$ 6,191,568</u></u>  |
| <b>Deferred Outflows of Resources</b>     |                             |
| OPEB Related                              | \$ 422,397                  |
| Pension Related                           | 1,027,236                   |
| Total Deferred Outflows of Resources      | <u><u>\$ 1,449,633</u></u>  |
| <b>Liabilities</b>                        |                             |
| Current Liabilities                       |                             |
| Accounts Payable                          | \$ 152,240                  |
| Due to Other Funds                        | 269,966                     |
| Unearned Revenue                          | 344,658                     |
| Compensated Absences - Current Portion    | 37,677                      |
| Total Current Liabilities                 | <u>804,541</u>              |
| Noncurrent Liabilities                    |                             |
| Net Pension Liability                     | 2,792,097                   |
| Net OPEB Liability                        | 456,704                     |
| Compensated Absences - Noncurrent Portion | 23,632                      |
| Total Noncurrent Liabilities              | <u>3,272,433</u>            |
| Total Liabilities                         | <u><u>\$ 4,076,974</u></u>  |
| <b>Deferred Inflows of Resources</b>      |                             |
| OPEB Related                              | \$ 529,681                  |
| Pension Related                           | 387,264                     |
| Total Deferred Inflows of Resources       | <u><u>\$ 916,945</u></u>    |
| <b>Net Position</b>                       |                             |
| Net Investment in Capital Assets          | \$ 979,879                  |
| Unrestricted (Deficit)                    | 1,667,403                   |
| Total Net Position                        | <u><u>\$ 2,647,282</u></u>  |

The accompanying notes to the financial statements are an integral part of this statement.

## Del Mar Union School District

### Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Fund June 30, 2025

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|  | Enterprise<br>Fund<br>Child Care<br>Services Fund |
|--|---|
| <b>Operating Revenues</b>                        |   |
| State Revenue                                    | \$ (2,259)  |
| Child Care Service Fees                          | 4,519,809   |
| Total Operating Revenues                         | <u>4,517,550</u>                                  |
| <b>Operating Expenses</b>                        |   |
| Certificated Salaries                            | 12,200  |
| Classified Salaries                              | 2,690,199   |
| Employee Benefits                                | 44,785  |
| Books and Supplies                               | 250,285   |
| Services and Other Operating Expenses            | (225,939)   |
| Depreciation Expense                             | 28,094  |
| Total Operating Expenses                         | <u>2,799,624</u>                                  |
| Operating Income (Loss)                          | <u>1,717,926</u>                                  |
| <b>Non-Operating Revenues/(Expenses)</b>         |   |
| Interest and Investment Income/(Loss)            | 181,912   |
| Total Nonoperating Revenues/(Expenses)           | <u>181,912</u>                                    |
| <b>Change in Net Position</b>                    | 1,899,838   |
| Net Position - Beginning, as Previously Reported | 762,332   |
| Adjustment for GASB 101 Implementation (Note A)  | (14,888)  |
| <b>Net Position - Beginning, as Adjusted</b>     | <u>747,444</u>                                    |
| <b>Total Net Position - Ending</b>               | <u>\$ 2,647,282</u>                               |

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The accompanying notes to the financial statements are an integral part of this statement.

# Del Mar Union School District

## Statement of Cash Flows – Enterprise Fund

June 30, 2025

|  | Enterprise<br>Fund          |
|--|-----------------------------|
|  | Child Care<br>Services Fund |
| <b>Cash Flows from Operating Activities</b>  |                             |
| Cash Received from Customers   | \$ 5,631,991                |
| Cash Received from State Grants  | (2,259)                     |
| Cash Payments for Payroll and Benefits   | (4,008,259)                 |
| Cash Payments to Other Suppliers for Goods and Services                                    | (46,606)                    |
| Net Cash Provided (Used) by Operating Activities   | 1,574,867                   |
| <b>Cash Flows from Investing Activities</b>  |                             |
| Interest and Realized Investment Earnings/(Losses)   | 154,225                     |
| Net Cash Provided (Used) by Investing Activities   | 154,225                     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                | 1,729,092                   |
| <b>Cash and Cash Equivalents, Beginning of Year</b>  | 3,151,887                   |
| <b>Cash and Cash Equivalents, End of Year</b>  | \$ 4,880,979                |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities</b> |                             |
| Operating Income (Loss)  | \$ 1,717,926                |
| Depreciation Expense   | 28,094                      |
| Change in Assets and Liabilities:  |                             |
| Decrease (Increase) in Operating Accounts Receivable                                       | 331,670                     |
| Decrease (Increase) in Due From Other Funds  | 575,500                     |
| Decrease (Increase) in Deferred Outflows of Resources                                      | 107,933                     |
| Increase (Decrease) in Accounts Payable  | (22,260)                    |
| Increase (Decrease) in Due To Other Funds  | (399,179)                   |
| Increase (Decrease) in Unearned Revenue  | 205,012                     |
| Increase (Decrease) in Net Pension Liability   | (39,822)                    |
| Increase (Decrease) In Net OPEB Liability  | 15,215                      |
| Increase (Decrease) in Compensated Absences Payable  | 13,940                      |
| Increase (Decrease) in Deferred Inflows of Resources                                       | (959,162)                   |
| Net Cash Provided (Used) by Operating Activities   | \$ 1,574,867                |

The accompanying notes to the financial statements are an integral part of this statement.

**Del Mar Union School District**  
Statement of Net Position – Fiduciary Funds  
June 30, 2025

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|                                 |   |
|---------------------------------|---|
|                                 | Foundation<br>Private-Purpose<br>Trust Fund |
| <b>Assets</b>                   |   |
| Cash and Investments            | \$ 33,284                                   |
| Accounts Receivable             | 479   |
| Total Assets                    | <u>\$ 33,763</u>                            |
| <b>Net Position</b>             |   |
| Held in Trust for Other Purpose | <u>\$ 33,763</u>                            |
| Total Net Position              | <u>\$ 33,763</u>                            |

## Del Mar Union School District

### Statement of Changes in Fiduciary Net Position – Fiduciary Funds June 30, 2025

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|  | Foundation<br>Private-Purpose<br>Trust Fund |
|--|---|
| <b>Additions</b>                       |   |
| Interest Income                        | \$ 1,343                                    |
| Investment Gains                       | 571   |
| Total Additions                        | <u>1,914</u>                                |
| <b>Deductions</b>                      |   |
| Books & Other Reference Materials      | <u>4,888</u>                                |
| Total Deductions                       | <u>4,888</u>                                |
| <b>Change in Net Position</b>          | (2,974)                                     |
| <b>Net Position, Beginning of Year</b> | <u>36,737</u>                               |
| <b>Net Position, End of Year</b>       | <u><u>\$ 33,763</u></u>                     |

# Del Mar Union School District

## Notes to the Financial Statements

For the Year Ended June 30, 2025

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### A. Summary of Significant Accounting Policies

Del Mar Union School District (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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### 1. Reporting Entity

The District operates under a locally elected Governing Board of Trustees form of government and provides educational services to grades K-6 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, debt service funds, student-related activities, childcare services, and discretely presented component units.

#### 2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District and the Del Mar Schools Community Facilities Districts (the CFDs) 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 as a blended component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements as a blended component unit.

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

##### a. Manifestations of Oversight

The governing body of the CFDs are substantively the same as the District's Board of Trustees.

The CFDs have no employees. The District's Superintendent, Assistant Superintendent of Business Services, and other employees of the District function as agents of the CFDs. Neither individual received additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the CFDs as it is anticipated that the District will be the sole lessee of all facilities owned by the CFDs.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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b. Accounting and Fiscal Matters

All major financing arrangements, contracts, and other transactions of the CFDs must have the consent of the District.

The District will assume a “moral obligation”, and potentially a legal obligation, for any debt incurred by the CFDs.

c. Scope of Public Service and Financial Presentation

The CFDs were created for the sole purpose of financially assisting the District.

The CFDs were created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to California Government Code, commencing with Section 6500. The CFDs 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 CFDs facilities.

The CFDs’ financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units and Debt Service Fund for Blended Component Units.

The Del Mar Union School District has identified one foundation which has a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Section 2100, for inclusion of the foundation as a discretely presented component unit.

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

Del Mar Schools Education Foundation

The Del Mar Schools Education Foundation (DMSEF) is a nonprofit 501(c)(3) organization that exists to raise funds to assist in paying for the compensation packages for specialized and credentialed teachers in the Del Mar Union School District’s STEAM+ curriculum. DMSEF is committed to providing specialized instruction and thereby enriching the educational opportunities of every student in the Del Mar Union School District. During the year ended June 30, 2025, DMSEF provided a grant of \$950,000 to the District to assist in the costs associated with the STEAM+ program.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### *Nature and Significance of Relationship*

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. DMSEF is reported as a discretely presented component unit based on the following criteria:

- 1) The economic resources received or held by DMSEF are entirely for the direct benefit of the District.
- 2) The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by DMSEF.
- 3) The economic resources received or held by DMSEF are significant to the District.

### 3. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

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

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



## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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

Enterprise funds are used to account for activities that are proprietary in nature. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

### *Major Governmental Funds*

The District reports the following major governmental funds:

**General Fund:** The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purpose other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

**Capital Projects Fund for Blended Component Units:** This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered component units of the District under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code §5311 et seq.*) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. The District has one CFD reported as a blended component unit.

**Debt Service Fund for Blended Component Units:** This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facility Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code §5311 et seq.*) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. The District has multiple CFDs reported as a blended component unit.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### *Non-Major Governmental Funds*

The District reports the following non-major governmental funds categorized by the fund type:

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

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

**Deferred Maintenance Fund:** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code §17582*).

**Capital Projects Funds:** Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

**Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

**County School Facilities Fund.** This fund is established pursuant to Education Code §17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code §17070.10 et seq.).

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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

**Bond Interest and Redemption Fund:** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

### *Proprietary Fund*

**Enterprise Fund:** Enterprise funds are used to account for an activity for which a fee is charged to external users for goods or services. An enterprise fund is accounted for on the accrual basis. Capital assets and long-term liabilities are recorded in the fund. All revenues and expenses are recorded, regardless of when they are received or paid. The District reports the following enterprise fund:

**Child Care Services Fund:** This fund accounts for the activities of the District's fee based childcare program.

### *Fiduciary Funds*

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following trust funds:

**Foundation Private Purpose Trust Fund:** This fund is used to account separately for gifts or bequests per *Education Code §41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

## 4. Basis of Accounting – Measurement Focus

**Government-Wide, Proprietary, and Fiduciary Financial Statements.** The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

#### 5. 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. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

#### 6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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#### 7. Revenues and Expenses

##### a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

##### b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

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

##### a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| Asset Class              | Estimated Useful Life |
|--------------------------|-----------------------|
| Buildings & Improvements | 20 - 50 Years         |
| Land Improvements        | 10 - 25 Years         |
| Equipment                | 5 - 15 Years          |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. SBITA Assets & SBITA Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for SBITA assets and liabilities of \$5,000. The SBITA assets are amortized over the subscription term. The SBITA liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy and labor agreements. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Under the District's policies, vacation leave and sick leave may be carried forward from year to year, subject to limits established by policy.

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101.

In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability that is expected to be liquidated with expendable available financial resources is reported as a fund liability; the remainder is reported in the government-wide financial statements.

The District measured the liability based on a historic look back period of three years with a last-in-first-out flows assumption for use of accrued balances.



## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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g. Unearned Revenue

Unearned revenue represents amounts received in advance of the period in which the District is legally entitled to the resources. In the governmental funds, unearned revenue is reported as a liability until the underlying revenue recognition criteria have been met. Typical sources of unearned revenue include advance payments for services and grant proceeds received before all eligibility requirements have been satisfied.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.



## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Minimum Fund Balance Policy

The District is a basic aid district and receives funding computed from local property tax revenue. The Board shall establish and maintain a higher level of reserves in an attempt to close the state aid differential and protect the District during times of economic uncertainty and fluctuations in property tax revenues. The District Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts of not less than 15 percent of general fund operating expenditures and other financing uses.

k. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not have continuing revenue sources that are either restricted or committed in nature. As such this fund does not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. This fund has been combined with the general fund for reporting purposes.

l. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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

|                    |                               |
|--------------------|-------------------------------|
| Valuation Date     | June 30, 2023                 |
| Measurement Date   | June 30, 2024                 |
| Measurement Period | July 1, 2023 to June 30, 2024 |

n. Postemployment Benefits Other than Pensions (OPEB)

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

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

|                    |                               |
|--------------------|-------------------------------|
| Valuation Date     | June 30, 2025                 |
| Measurement Date   | June 30, 2025                 |
| Measurement Period | July 1, 2024 to June 30, 2025 |

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

|                 |  |
|-----------------|--|
| Level 1 Inputs: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. |
| Level 2 Inputs: | Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.  |
| Level 3 Inputs: | Unobservable inputs to an asset or liability.  |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

#### 12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2025. Those newly implemented pronouncements are as follows:

| Description  | Date Issued |
|--|-------------|
| GASB Statement No. 99 <i>Omnibus 2022</i><br>(Portions related to financial guarantees and derivative instruments) | Apr-22      |
| GASB Statement No. 100 <i>Accounting Changes and Error Corrections</i><br>(Amendment of GASB Statement No. 62)     | Jun-22      |
| GASB Statement No. 101 <i>Compensated Absences</i>   | Jun-22      |
| GASB Statement No. 102 <i>Certain Risk Disclosures</i>   | Dec-23      |
| GASB Implementation Guide No. 2023-1<br><i>Implementation Guidance Update 2023</i>                                 | Jun-23      |
| GASB Implementation Guide No. 2025-1<br><i>Implementation Guidance Update 2025 (Question 4.16 ONLY)</i>            | Jun-25      |

The adoption of GASB Statement No. 99, GASB Statement No. 102, GASB Implementation Guide No. 2023-1 and GASB Implementation Guide No. 2025-1 did not have a material impact on the District's financial position, results of operations, or disclosures in the financial statements.

The adoption of GASB Statement No. 100 resulted in enhanced note disclosures and financial statement presentation but did not result in a material change to the District's financial position.

The adoption of GASB Statement No. 101 resulted in a material change to the District's net position for inclusion of a portion of sick leave that meets reporting requirements consistent with the requirements of the GASB pronouncement.

#### 13. Accounting Changes and Error Corrections

Effective for the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 requires that changes to or within the financial reporting entity, including changes in fund classification, be reported by adjusting the beginning balances of the affected funds as if the change occurred at the start of the reporting period. The statement also requires enhanced disclosures regarding accounting changes and error corrections.

##### *Error Corrections*

No error corrections to prior year balances were identified or recorded during the fiscal year ended June 30, 2025.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### *Change in Accounting Principle*

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*, which establishes new recognition and measurement criteria for compensated absences. As a result, the District changed its method of accounting for compensated absences to comply with the new standard. The implementation of GASB Statement No. 101 resulted in a restatement of the beginning net position of governmental activities as of July 1, 2024. The affected financial statement line item is "Compensated Absences Payable." The change in accounting principle resulted in the following restatement of beginning net position:

|   | Government-Wide Financial Statements |                          |                      | Enterprise Fund          |
|---|--------------------------------------|--------------------------|----------------------|--------------------------|
|   | Governmental Activities              | Business-Type Activities | Total                | Child Care Services Fund |
| Beginning Net Position as Reported in June 30, 2024 | \$ 99,613,778                        | \$ 762,332               | \$ 100,376,110       | \$ 762,332               |
| Adjustments to Beginning Balance:                   |                                      |                          |                      |                          |
| GASB 101 Implementation                             | (698,612)                            | (14,888)                 | (713,500)            | (14,888)                 |
| Beginning Net Position, as Restated                 | <u>\$ 98,915,166</u>                 | <u>\$ 747,444</u>        | <u>\$ 99,662,610</u> | <u>\$ 747,444</u>        |

### *Change in Fund Classification*

There were no changes in fund classification during the fiscal year ended June 30, 2025.

## **B. Compliance and Accountability**

### 1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

| <u>Violation</u> | <u>Action Taken</u> |
|------------------|---------------------|
| None Reported    | Not Applicable      |

### 2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

| <u>Fund Name</u> | <u>Deficit Amount</u> | <u>Remarks</u> |
|------------------|-----------------------|----------------|
| None             | Not Applicable        | Not Applicable |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### C. Fair Value Measurements

The District's investments at June 30, 2025, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

|  | Amount               | Fair Value Measurement Using  |   |  |
|--|----------------------|---|---|--|
|  |                      | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| External investment pools measured at fair value |                      |   |   |  |
| San Diego County Treasury                        | \$ 88,299,095        | \$ -  | \$ 88,299,095   | \$ -   |
| Other investments measured at fair value         |                      |   |   |  |
| U.S. Government Money Market Funds               | 277                  | 277   | -   | -  |
| Total investments measured at fair value         | <u>\$ 88,299,372</u> | <u>\$ 277</u>   | <u>\$ 88,299,095</u>                                      | <u>\$ -</u>  |

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

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

## D. Cash and Investments

As of June 30, 2025, the District held the following cash and investments:

|                                 | Major Governmental Funds            |                                       |   |                             |                          |
|---------------------------------|-------------------------------------|---------------------------------------|---|-----------------------------|--------------------------|
|                                 | General Fund                        | Building Fund                         | Capital Project Fund for Blended Component Unit | Nonmajor Governmental Funds | Total Governmental Funds |
| Cash in County Treasury         | \$ 25,032,548                       | \$ 18,986,296                         | \$ 19,527,370                                   | \$ 19,798,863               | \$ 83,345,077            |
| FMV Adjustment                  | 11,940                              | 9,056                                 | 9,315   | 9,444                       | 39,755                   |
| Cash with Fiscal Agent          | -                                   | -                                     | 277   | -                           | 277                      |
| Cash in Revolving Fund          | 25,000                              | -                                     | -   | -                           | 25,000                   |
| Total Cash and Cash Equivalents | <u>\$ 25,069,488</u>                | <u>\$ 18,995,352</u>                  | <u>\$ 19,536,962</u>                            | <u>\$ 19,808,307</u>        | <u>\$ 83,410,109</u>     |
|                                 | Child Care Services Enterprise Fund | Foundation Private Purpose Trust Fund |   |                             |                          |
| Cash in County Treasury         | \$ 4,878,652                        | \$ 33,268                             |   |                             |                          |
| FMV Adjustment                  | 2,327                               | 16                                    |   |                             |                          |
| Total Cash and Cash Equivalents | <u>\$ 4,880,979</u>                 | <u>\$ 33,284</u>                      |   |                             |                          |

### 1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$88,256,997 as of June 30, 2025). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$88,299,095. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

### 2. Cash in Revolving Fund

Cash balances in revolving fund (\$25,000 as of June 30, 2025) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

### 3. Cash with Fiscal Agents

The District's cash with fiscal agent at June 30, 2025 are shown below:

| Account Type                 | Maturity | Amount Reported | Fair Value |
|------------------------------|----------|-----------------|------------|
| U.S. Government Money Market | <30 Days | \$ 277          | \$ 277     |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### 4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### 5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

#### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2025, credit risk for the District's investments was as follows:

| <u>Investment Type</u>             | <u>Rating</u> | <u>Rating Agency</u> | <u>Amount</u> |
|------------------------------------|---------------|----------------------|---------------|
| County Treasurer's Investment Pool | Unrated       | Not Applicable       | \$ 88,299,095 |
| U.S. Government Money Market       | Unrated       | Not Applicable       | 277           |

#### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2025, the District's bank balances did not exceed FDIC limitations and as such were not exposed to custodial credit risk. Cash with fiscal agent investment balances of \$277 were not FDIC insured and therefore exposed to custodial credit risk.



## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of \$88,299,095. The average weighted maturity for this pool was 562 days at June 30, 2025.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

## E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2025, consisted of:

|   | Major Governmental Funds            |                   |   |                             |                          |
|---|-------------------------------------|-------------------|---|-----------------------------|--------------------------|
|   | General Fund                        | Building Fund     | Capital Project Fund for Blended Component Unit | Nonmajor Governmental Funds | Total Governmental Funds |
| Federal Government                      |                                     |                   |   |                             |                          |
| Special Education Programs              | \$ 672,644                          | \$ -              | \$ -  | \$ -                        | \$ 672,644               |
| Title I                                 | 106,663                             | -                 | -   | -                           | 106,663                  |
| Title II                                | 59,786                              | -                 | -   | -                           | 59,786                   |
| Child Nutrition                         | -                                   | -                 | -   | 44,093                      | 44,093                   |
| Other Federal Programs                  | 17,531                              | -                 | -   | -                           | 17,531                   |
| State Government                        |                                     |                   |   |                             |                          |
| Principal Apportionment                 | 533,573                             | -                 | -   | -                           | 533,573                  |
| Expanded Learning Opportunities Program | 370,392                             | -                 | -   | -                           | 370,392                  |
| Lottery                                 | 272,413                             | -                 | -   | -                           | 272,413                  |
| Special Education Apportionment         | 434,837                             | -                 | -   | -                           | 434,837                  |
| Child Nutrition                         | -                                   | -                 | -   | 198,140                     | 198,140                  |
| Other State Programs                    | 36,726                              | -                 | -   | -                           | 36,726                   |
| Local Sources                           |                                     |                   |   |                             |                          |
| Interest                                | 404,990                             | 352,062           | 263,317   | 189,604                     | 1,209,973                |
| Other Local Sources                     | 35,157                              | -                 | -   | 5,916                       | 41,073                   |
| Total Accounts Receivable               | <u>\$ 2,944,712</u>                 | <u>\$ 352,062</u> | <u>\$ 263,317</u>                               | <u>\$ 437,753</u>           | <u>\$ 3,997,844</u>      |
|   | Child Care Services Enterprise Fund |                   | Foundation Trust Fund                           |                             |                          |
| Local Sources                           |                                     |                   |   |                             |                          |
| Interest                                | \$ 54,224                           | \$ 479            |   |                             |                          |
| Other Local Sources                     | 15,628                              | -                 |   |                             |                          |
| Total Accounts Receivable               | <u>\$ 69,852</u>                    | <u>\$ 479</u>     |   |                             |                          |

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

## F. Capital Assets and Lease Assets

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

| Governmental Activities                                      | Beginning<br>Balances | Increases      | Decreases     | Ending<br>Balances |
|--|-----------------------|----------------|---------------|--------------------|
| Capital assets not being depreciated:                        |                       |                |               |                    |
| Land   | \$ 47,803,718         | \$ -           | \$ -          | \$ 47,803,718      |
| Work in Progress   | 80,367,727            | 29,630,354     | 77,624,792    | 32,373,289         |
| Total capital assets not being depreciated                   | 128,171,445           | 29,630,354     | 77,624,792    | 80,177,007         |
| Capital assets being depreciated:                            |                       |                |               |                    |
| Improvements   | 7,636,926             | 705,597        | 618,472       | 7,724,051          |
| Buildings  | 155,280,450           | 74,247,550     | 354,700       | 229,173,300        |
| Equipment  | 5,252,498             | 2,517,487      | 96,923        | 7,673,062          |
| Total capital assets being depreciated                       | 168,169,874           | 77,470,634     | 1,070,095     | 244,570,413        |
| Accumulated depreciation for:                                |                       |                |               |                    |
| Improvements   | (2,349,384)           | (349,191)      | (338,559)     | (2,360,016)        |
| Buildings  | (48,731,816)          | (4,736,686)    | (354,700)     | (53,113,802)       |
| Equipment  | (2,873,056)           | (415,712)      | (51,026)      | (3,237,742)        |
| Total accumulated depreciation                               | (53,954,256)          | (5,501,589)    | (744,285)     | (58,711,560)       |
| Government activities capital assets, net                    | 242,387,063           | 101,599,399    | 77,950,602    | 266,035,860        |
| Lease Assets   |                       |                |               |                    |
| Equipment  | 1,643,848             | -              | -             | 1,643,848          |
| Accumulated amortization for lease assets                    | (1,059,435)           | (355,053)      | -             | (1,414,488)        |
| Lease assets, net  | 584,413               | (355,053)      | -             | 229,360            |
| SBITA Assets   |                       |                |               |                    |
| Information Technology Agreement                             | 345,536               | -              | 5,724         | 339,812            |
| Accumulated amortization for lease assets                    | (208,161)             | (113,270)      | (5,724)       | (315,707)          |
| SBITA assets, net  | 137,375               | (113,270)      | -             | 24,105             |
| Governmental activities capital assets and lease assets, net | \$243,108,851         | \$ 101,131,076 | \$ 77,950,602 | \$266,289,325      |

| Business-Type Activities                     | Beginning<br>Balances | Increases   | Decreases | Ending<br>Balances |
|--|-----------------------|-------------|-----------|--------------------|
| Capital assets being depreciated:            |                       |             |           |                    |
| Buildings                                    | \$ 1,383,719          | \$ -        | \$ -      | \$ 1,383,719       |
| Total capital assets being depreciated       | 1,383,719             | -           | -         | 1,383,719          |
| Less accumulated depreciation for:           |                       |             |           |                    |
| Buildings                                    | (375,746)             | (28,094)    | -         | (403,840)          |
| Total accumulated depreciation               | (375,746)             | (28,094)    | -         | (403,840)          |
| Total capital assets being depreciated, net  | 1,007,973             | (28,094)    | -         | 979,879            |
| Business-Type activities capital assets, net | \$ 1,007,973          | \$ (28,094) | \$ -      | \$ 979,879         |

Depreciation and amortization were charged to functions as follows:

|                                  | Depreciation Allocated by Function |                             | Amortization<br>Allocated by<br>Function |
|----------------------------------|------------------------------------|-----------------------------|--|
|                                  | Governmental<br>Activities         | Business-Type<br>Activities | Governmental<br>Activities               |
| Instruction                      | \$ 5,269,920                       | \$ -                        | \$ 355,053                               |
| Instruction-Related Services     | -                                  | -                           | -  |
| Pupil Services                   | 819                                | -                           | -  |
| Enterprise - Child Care Services | -                                  | 28,094                      | -  |
| General Administration           | 80,347                             | -                           | 113,270                                  |
| Plant Services                   | 150,503                            | -                           | -  |
| Total                            | \$ 5,501,589                       | \$ 28,094                   | \$ 468,323                               |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### G. Lease Receivable

The District is a lessor in leases as defined by GASB 87. Details of the leases are as follows:

The District holds a Communications Site Lease Agreement with T-Mobile for the placement of cell phone towers on one of the District's buildings. The lease began October 2007 with the previous owners of the District's building and an initial term of September 30, 2012, but contained the right to renew five additional terms of sixty months each, which the lessee is reasonably likely to exercise, making the lease end term September 30, 2037. Under the agreement the District receives payments of \$1,254 per month. Each renewal term the lease is automatically increased by 12%. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.5%, which is an imputed rate.

The District holds a Communications Site Lease Agreement with AT&T for the placement of cell phone towers on one of the District's buildings. The lease began July 2010 with the previous owners of the District's building and an initial term of May 31, 2015 with the right to renew four additional terms of sixty months each, which the lessee is reasonably likely to exercise, making the lease end term May 31, 2035. Under the agreement the District receives payments of \$2,487 per month. Rent automatically increases by 2% each year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.5%, which is an imputed rate.

The District holds a Facilities Lease Agreement with the Boys and Girls Club of San Dieguito for use of District owned facilities. The lease began July 1, 2021 with a term date of June 30, 2027. The lease calls for annual rent payments of \$1,400 that increase each year by 2%. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.90%, which is an imputed rate.

Lease receivable is reduced each year by the principal payments collected on the lease. Deferred inflows of resources relating to leases is amortized over the life of the lease using the straight-line method. The following represents activity for leases receivable and deferred inflows of resources relating to leases during the fiscal year ended June 30, 2025:

|                                | Balance<br>Beginning of<br>Year | Current Year<br>Additions | Current Year<br>Principal<br>Collected | Balance<br>End of Year |
|--------------------------------|---------------------------------|---------------------------|--|------------------------|
| Leases Receivable              |                                 |                           |  |                        |
| AT&T Cell Tower                | \$ 352,343                      | \$ -                      | \$ 26,617                              | \$ 325,726             |
| T-Mobile Cell Tower            | 230,343                         | -                         | 13,497                                 | 216,846                |
| Boys & Girls Club Facility Use | 4,546                           | -                         | 1,445                                  | 3,101                  |
| Total Leases Receivable        | <u>\$ 587,232</u>               | <u>\$ -</u>               | <u>\$ 41,559</u>                       | <u>\$ 545,673</u>      |

|                                | Balance<br>Beginning of<br>Year | Current Year<br>Additions | Current Year<br>Amortization | Balance<br>End of Year |
|--------------------------------|---------------------------------|---------------------------|------------------------------|------------------------|
| Deferred Inflows of Resources  |                                 |                           |                              |                        |
| AT&T Cell Tower                | \$ 334,345                      | \$ -                      | \$ 30,627                    | \$ 303,718             |
| T-Mobile Cell Tower            | 218,036                         | -                         | 16,456                       | 201,580                |
| Boys & Girls Club Facility Use | 4,315                           | -                         | 1,439                        | 2,876                  |
| Total Deferred Inflows         | <u>\$ 556,696</u>               | <u>\$ -</u>               | <u>\$ 48,522</u>             | <u>\$ 508,174</u>      |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

#### H. Accounts Payable

Accounts payable balances in governmental and enterprise funds as of June 30, 2025, consisted of:

|                              | Major Governmental Funds       |                     |   |                             |                          |
|------------------------------|--------------------------------|---------------------|---|-----------------------------|--------------------------|
|                              | General Fund                   | Building Fund       | Capital Project Fund for Blended Component Unit | Nonmajor Governmental Funds | Total Governmental Funds |
| Vendor payables              | \$ 1,464,036                   | \$ 2,493,425        | \$ 7,207  | \$ 38,122                   | \$ 4,002,790             |
| Payroll and related benefits | 44,822                         | -                   | -   | 3,596                       | 48,418                   |
| Total Accounts Payable       | <u>\$ 1,508,858</u>            | <u>\$ 2,493,425</u> | <u>\$ 7,207</u>                                 | <u>\$ 41,718</u>            | <u>\$ 4,051,208</u>      |
|                              | Child Care Services Enterprise |                     |   |                             |                          |
| Vendor payables              | \$ 49,367                      |                     |   |                             |                          |
| Payroll and related benefits | 102,873                        |                     |   |                             |                          |
| Total Accounts Payable       | <u>\$ 152,240</u>              |                     |   |                             |                          |

Accounts payable balances in the government-wide financial statements as of June 30, 2025, consisted of:

|                                      | Government-Wide Financial Statements |                          |                     |
|--------------------------------------|--------------------------------------|--------------------------|---------------------|
|                                      | Governmental Activities              | Business-Type Activities | Total               |
| Vendor payables                      | \$ 4,002,790                         | \$ 49,367                | \$ 4,052,157        |
| Payroll and related benefits         | 48,418                               | 102,873                  | 151,291             |
| Unmatured interest on long-term debt | 2,219,449                            | -                        | 2,219,449           |
| Total Accounts Payable               | <u>\$ 6,270,657</u>                  | <u>\$ 152,240</u>        | <u>\$ 6,422,897</u> |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### I. Unearned Revenue

Unearned revenue balances as of June 30, 2025, consisted of:

|                        | General<br>Fund   | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------|-------------------|-----------------------------------|--------------------------------|
| Federal Government     |                   |                                   |                                |
| Title III              | \$ 9,442          | \$ -                              | \$ 9,442                       |
| State Government       |                   |                                   |                                |
| Pre-K Planning Grants  | 381,090           | -                                 | 381,090                        |
| Local Sources          |                   |                                   |                                |
| Prepaid Lunch Accounts | -                 | 42,103                            | 42,103                         |
| Total Unearned Revenue | <u>\$ 390,532</u> | <u>\$ 42,103</u>                  | <u>\$ 432,635</u>              |

|                        |   |
|------------------------|---|
|                        | Child Care<br>Services<br>Enterprise Fund |
| Local Sources          |   |
| Prepaid Childcare Fees | <u>\$ 344,658</u>                         |
| Total Unearned Revenue | <u>\$ 344,658</u>                         |

### J. Interfund Balances & Activities

#### 1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2025 consisted of the following:

| Interfund Receivable<br>(Due From Other Funds) | Interfund Payable<br>(Due To Other Funds) | Amount            | Purpose                        |
|--|---|-------------------|--------------------------------|
| General Fund                                   | Child Care Services Enterprise Fund       | \$ 269,966        | Direct charges of expenditures |
| Nonmajor Governmental Funds                    | General Fund                              | 1,843             | Reimburse expenditures         |
| Child Care Services Enterprise Fund            | General Fund                              | 260,858           | Fund extended day program      |
|  | Total                                     | <u>\$ 532,667</u> |                                |

#### 2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2025, consisted of the following:

| Transfers In                | Transfers Out          | Amount              | Purpose                   |
|-----------------------------|------------------------|---------------------|---------------------------|
| Nonmajor Governmental Funds | Blended Component Unit | <u>\$ 2,954,438</u> | Debt service expenditures |
|                             | Total                  | <u>\$ 2,954,438</u> |                           |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

#### K. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. For the year ended June 30, 2025, the District did not issue any short term debt.

#### L. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2025, consisted of:

|                            | Major Governmental Funds |               |   |                                   |                                |
|----------------------------|--------------------------|---------------|---|-----------------------------------|--------------------------------|
|                            | General Fund             | Building Fund | Capital Project<br>Fund for<br>Blended<br>Component<br>Unit | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| Nonspendable Fund Balances |                          |               |   |                                   |                                |
| Revolving Cash             | \$ 25,000                | \$ -          | \$ -  | \$ -                              | \$ 25,000                      |
| Inventory                  | -                        | -             | -   | 56,830                            | 56,830                         |
| Total Nonspendable         | 25,000                   | -             | -   | 56,830                            | 81,830                         |
| Restricted Fund Balances   |                          |               |   |                                   |                                |
| Capital Projects           | -                        | 16,853,989    | 19,793,072  | 2,351,055                         | 38,998,116                     |
| Debt Service               | -                        | -             | -   | 5,872,380                         | 5,872,380                      |
| Educational Programs       | 3,323,761                | -             | -   | -                                 | 3,323,761                      |
| School Site Fundraising    | 129,909                  | -             | -   | -                                 | 129,909                        |
| Other Purposes             | 56,205                   | -             | -   | 479,238                           | 535,443                        |
| Total Restricted           | 3,509,875                | 16,853,989    | 19,793,072  | 8,702,673                         | 48,859,609                     |
| Committed Fund Balances    |                          |               |   |                                   |                                |
| Deferred Maintenance       | -                        | -             | -   | 3,427,373                         | 3,427,373                      |
| Total Committed            | -                        | -             | -   | 3,427,373                         | 3,427,373                      |
| Assigned Fund Balances     |                          |               |   |                                   |                                |
| Capital Projects           | -                        | -             | -   | 8,034,036                         | 8,034,036                      |
| Curriculum Adoption        | 750,000                  | -             | -   | -                                 | 750,000                        |
| Child Nutrition Services   | 2,284,882                | -             | -   | -                                 | 2,284,882                      |
| Minimum Reserve Policy     | 11,902,310               | -             | -   | -                                 | 11,902,310                     |
| Total Assigned             | 14,937,192               | -             | -   | 8,034,036                         | 22,971,228                     |
| Unassigned Fund Balances   |                          |               |   |                                   |                                |
| For Economic Uncertainty   | 2,380,462                | -             | -   | -                                 | 2,380,462                      |
| Other Unassigned           | 5,307,045                | -             | -   | -                                 | 5,307,045                      |
| Total Unassigned           | 7,687,507                | -             | -   | -                                 | 7,687,507                      |
| Total Fund Balance         | \$ 26,159,574            | \$ 16,853,989 | \$ 19,793,072   | \$ 20,220,912                     | \$ 83,027,547                  |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

#### M. Long Term Obligations

##### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

|                                 | Beginning<br>Balance | Increases     | Decreases     | Ending<br>Balance | Amounts Due<br>Within<br>One Year |
|---------------------------------|----------------------|---------------|---------------|-------------------|-----------------------------------|
| <b>Governmental Activities</b>  |                      |               |               |                   |                                   |
| General Obligation Bonds        |                      |               |               |                   |                                   |
| Principal Balance               | \$ 103,070,000       | \$ 27,000,000 | \$ 2,415,000  | \$ 127,655,000    | \$ 2,645,000                      |
| Bond Premium                    | 6,448,626            | 1,174,320     | 144,157       | 7,478,789         | 158,600                           |
| Total General Obligation Bonds  | 109,518,626          | 28,174,320    | 2,559,157     | 135,133,789       | 2,803,600                         |
| Special Tax Bonds               |                      |               |               |                   |                                   |
| Principal Balance               | 46,325,000           | -             | 1,135,000     | 45,190,000        | 1,555,000                         |
| Bond Premium                    | 5,067,365            | -             | 121,033       | 4,946,332         | 157,881                           |
| Total Special Tax Bonds         | 51,392,365           | -             | 1,256,033     | 50,136,332        | 1,712,881                         |
| Leases Payable                  | 752,614              | -             | 465,915       | 286,699           | 286,699                           |
| SBITAs Payable                  | 119,877              | -             | 119,877       | -                 | -                                 |
| Net OPEB Liability*             | 8,063,567            | 277,887       | -             | 8,341,454         | -                                 |
| Net Pension Liability*          | 61,431,793           | -             | 6,744,148     | 54,687,645        | -                                 |
| Compensated Absences*           | 928,180              | -             | 24,434        | 903,746           | 551,285                           |
| Total Governmental Activities   | \$ 232,207,022       | \$ 28,452,207 | \$ 11,169,564 | \$ 249,489,665    | \$ 5,354,465                      |
| <b>Business Type Activities</b> |                      |               |               |                   |                                   |
| Net OPEB Liability*             | \$ 441,489           | \$ 15,215     | \$ -          | \$ 456,704        | \$ -                              |
| Net Pension Liability*          | 2,831,919            | -             | 39,822        | 2,792,097         | -                                 |
| Compensated Absences*           | 47,368               | 13,941        | -             | 61,309            | 37,677                            |
| Total Business Type Activities  | \$ 3,320,776         | \$ 29,156     | \$ 39,822     | \$ 3,310,110      | \$ 37,677                         |

##### \*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for special tax bonds are made from the debt service fund for blended component units.
- Payments for leases payable are made from the general fund.
- Payments for SBITAs payable are made from the general fund.
- Payments for pension contributions are made from the general fund and the childcare services enterprise fund.
- Payments for OPEB contributions are made from the general fund and the childcare services enterprise fund.
- Payments for compensated absences are made from the general fund and the childcare services enterprise fund.



## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### 2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 6, 2018, registered voters authorized the issuance of \$186,000,000 principal amount of general obligation bonds. The bonds were authorized to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and pay costs of issuance incurred in connection with the issuance of the Bonds. The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). Of the total amount originally authorized, \$39,715,000 remains unissued.

General obligation bonds at June 30, 2025 consisted of the following:

|                                | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount of<br/>Original Issue</u> |
|--------------------------------|----------------------|----------------------|----------------------|-------------------------------------|
| 2018 Election, Series A        | 10/16/2019           | 1.50 - 4.00%         | 8/1/2044             | \$ 55,285,000                       |
| 2018 Election, Series B        | 5/25/2022            | 4.00 - 5.00%         | 8/1/2046             | 64,000,000                          |
| 2018 Election, Series C        | 10/31/2024           | 4.00 - 5.00%         | 8/1/2047             | 27,000,000                          |
| Total General Obligation Bonds |                      |                      |                      | <u>\$ 146,285,000</u>               |

|                                | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>    | <u>Ending<br/>Balance</u> | <u>Amounts Due<br/>Within<br/>One Year</u> |
|--------------------------------|------------------------------|----------------------|---------------------|---------------------------|--|
| 2018 Election, Series A        |                              |                      |                     |                           |  |
| Principal Balance              | \$ 43,215,000                | \$ -                 | \$ 540,000          | \$ 42,675,000             | \$ 640,000                                 |
| Premium                        | 3,072,248                    | -                    | 38,390              | 3,033,858                 | 45,499                                     |
| 2018 Election, Series B        |                              |                      |                     |                           |  |
| Principal Balance              | 59,855,000                   | -                    | 1,875,000           | 57,980,000                | 2,005,000                                  |
| Premium                        | 3,376,378                    | -                    | 105,767             | 3,270,611                 | 113,101                                    |
| 2018 Election, Series C        |                              |                      |                     |                           |  |
| Principal Balance              | -                            | 27,000,000           | -                   | 27,000,000                | -  |
| Premium                        | -                            | 1,174,320            | -                   | 1,174,320                 | -  |
| Total General Obligation Bonds | <u>\$ 109,518,626</u>        | <u>\$ 28,174,320</u> | <u>\$ 2,559,157</u> | <u>\$ 135,133,789</u>     | <u>\$ 2,803,600</u>                        |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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

| Year Ended<br>June 30, | Principal             | Interest             | Total                 |
|------------------------|-----------------------|----------------------|-----------------------|
| 2026                   | \$ 2,645,000          | \$ 4,975,394         | \$ 7,620,394          |
| 2027                   | 2,345,000             | 4,857,569            | 7,202,569             |
| 2028                   | 2,685,000             | 4,739,844            | 7,424,844             |
| 2029                   | 1,540,000             | 4,643,419            | 6,183,419             |
| 2030                   | 1,815,000             | 4,569,994            | 6,384,994             |
| 2031-2035              | 14,380,000            | 21,232,369           | 35,612,369            |
| 2036-2040              | 26,220,000            | 16,972,644           | 43,192,644            |
| 2041-2045              | 41,570,000            | 10,866,834           | 52,436,834            |
| 2046-2050              | 34,455,000            | 2,141,700            | 36,596,700            |
| Total                  | <u>\$ 127,655,000</u> | <u>\$ 74,999,767</u> | <u>\$ 202,654,767</u> |

### *Bond Premium*

Bond premium arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Premiums issued on general obligation bonds resulted in effective interest rates as follows:

|                                  | 2018<br>Series A   | 2018<br>Series B   | 2018<br>Series C   |
|----------------------------------|--------------------|--------------------|--------------------|
| Total Interest Payments on Bonds | \$ 24,822,440      | \$ 44,710,700      | \$ 21,028,144      |
| Less Bond Premium                | <u>(3,930,330)</u> | <u>(3,610,195)</u> | <u>(1,174,320)</u> |
| Net Interest Payments            | <u>20,892,110</u>  | <u>41,100,505</u>  | <u>19,853,824</u>  |
| Par Amount of Bonds              | 55,285,000         | 64,000,000         | 27,000,000         |
| Periods                          | 25                 | 25                 | 23                 |
| Effective Interest Rate          | 1.51%              | 2.57%              | 3.20%              |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

#### 3. Special Tax Bonds

On August 30, 2017 the Community Facilities District No. 95-1 of the District issued refunding bonds in order to refund the 2007 special tax bonds issued under the Mello-Roos Community Facilities Act of 1982. The bonds were issued with maturity dates beginning in September 2018 and extending through September 2036 with coupons varying in interest rates from 2.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 95-1.

On December 3, 2019 the Community Facilities District No. 99-1 of the District issued bonds under the Mello-Roos Community Facilities Act of 1982 in order to refund special tax bonds issued June 7, 2012 and to fund public works projects within the District's boundaries. The bonds were issued with maturity dates beginning September 2020 and extending through September 2049 with coupons varying in yield from 3.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 99-1.

Special Tax Bonds as of June 30, 2025 consisted of:

|                                 | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount of<br/>Original Issue</u> |
|---------------------------------|----------------------|----------------------|----------------------|-------------------------------------|
| 2017 CFD 95-1 Special Tax Bonds | 8/30/2017            | 2.00 - 5.00%         | 9/1/2036             | \$ 14,660,000                       |
| 2019 CFD 99-1 Special Tax Bonds | 12/3/2019            | 3.00 - 5.00%         | 9/1/2049             | 39,075,000                          |
| Total Special Tax Bonds         |                      |                      |                      | <u>\$ 53,735,000</u>                |

|                                 | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u>    | <u>Ending<br/>Balance</u> | <u>Amounts Due<br/>Within<br/>One Year</u> |
|---------------------------------|------------------------------|------------------|---------------------|---------------------------|--|
| 2017 CFD 95-1 Special Tax Bonds |                              |                  |                     |                           |  |
| Principal balance               | \$ 10,695,000                | \$ -             | \$ 350,000          | \$ 10,345,000             | \$ 735,000                                 |
| Premium                         | 910,684                      | -                | 29,799              | 880,885                   | 62,579                                     |
| 2019 CFD 99-1 Special Tax Bonds |                              |                  |                     |                           |  |
| Principal balance               | 35,630,000                   | -                | 785,000             | 34,845,000                | 820,000                                    |
| Premium                         | 4,156,681                    | -                | 91,234              | 4,065,447                 | 95,302                                     |
| Total Special Tax Bonds         | <u>\$ 51,392,365</u>         | <u>\$ -</u>      | <u>\$ 1,256,033</u> | <u>\$ 50,136,332</u>      | <u>\$ 1,712,881</u>                        |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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

| Year Ended<br>June 30, | Principal            | Interest             | Total                |
|------------------------|----------------------|----------------------|----------------------|
| 2026                   | \$ 1,555,000         | \$ 1,762,925         | \$ 3,317,925         |
| 2027                   | 1,625,000            | 1,691,775            | 3,316,775            |
| 2028                   | 1,695,000            | 1,613,025            | 3,308,025            |
| 2029                   | 1,780,000            | 1,526,150            | 3,306,150            |
| 2030                   | 1,870,000            | 1,443,850            | 3,313,850            |
| 2031-2035              | 10,340,000           | 6,136,025            | 16,476,025           |
| 2036-2040              | 8,250,000            | 4,354,700            | 12,604,700           |
| 2041-2045              | 8,215,000            | 2,819,300            | 11,034,300           |
| 2046-2050              | 9,860,000            | 1,006,600            | 10,866,600           |
| Total                  | <u>\$ 45,190,000</u> | <u>\$ 22,354,350</u> | <u>\$ 67,544,350</u> |

### *Bond Premium/Discount*

Bond premium arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Premiums and discounts issued on special tax bonds resulted in effective interest rates as follows:

|                                  | CFD 95-1<br>2017 Bonds | CFD 99-1<br>2019 Bonds |
|----------------------------------|------------------------|------------------------|
| Total Interest Payments on Bonds | \$ 5,702,600           | \$ 28,286,646          |
| Less Bond Premium                | <u>(1,248,170)</u>     | <u>(4,541,376)</u>     |
| Net Interest Payments            | <u>4,454,430</u>       | <u>23,745,270</u>      |
| Par Amount of Bonds              | 14,660,000             | 39,075,000             |
| Periods                          | 19                     | 30                     |
| Effective Interest Rate          | 1.60%                  | 2.03%                  |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

#### 4. Leases Payable

On August 27, 2019, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$1,973 for 60 months. The payments include principal and interest at a stated rate of 4.251%.

On November 27, 2019, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$254 for 57 months. The payments include principal and interest at a stated rate of 5.85%.

On August 14, 2020, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$888 for 48 months. The payments include principal and interest at a stated rate of 3.8%.

On April 15, 2021, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$2,351 for 40 months. The payments include principal and interest at a stated rate of 3.8%.

On March 1, 2022, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of \$247,692 for three years, with the first payment on August 1, 2022. The payments include principal and interest at a stated rate of 0.00%.

On March 1, 2022, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of \$167,591 for three years, with the first payment on August 1, 2022. The payments include principal and interest at a stated rate of 0.00%.

On June 1, 2022, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of \$39,008 for four years, with the first payment on August 1, 2022. The payments include principal and interest at a stated rate of 0.00%.

Leases payable activity for the fiscal year ended June 30, 2025, was as follows:

| Description          | Lease Term | Interest Rate | Beginning Balance | Current Year Additions | Current Year Principal Payments | Ending Balance    |
|----------------------|------------|---------------|-------------------|------------------------|---------------------------------|-------------------|
| De Lage Landen #1    | 60 Months  | 5.850%        | \$ 505            | \$ -                   | \$ 505                          | \$ -              |
| De Lage Landon #2    | 57 Months  | 4.251%        | 3,925             | -                      | 3,925                           | -                 |
| De Lage Landon #3    | 48 Months  | 3.800%        | 2,545             | -                      | 2,545                           | -                 |
| De Lage Landon #4    | 40 Months  | 3.800%        | 4,649             | -                      | 4,649                           | -                 |
| Apple Financial #1   | 3 Years    | 0.000%        | 495,384           | -                      | 247,692                         | 247,692           |
| Apple Financial #2   | 3 Years    | 0.000%        | 167,592           | -                      | 167,592                         | -                 |
| Apple Financial #3   | 5 Years    | 0.000%        | 78,015            | -                      | 39,008                          | 39,007            |
| Total Leases Payable |            |               | <u>\$ 752,615</u> | <u>\$ -</u>            | <u>\$ 465,916</u>               | <u>\$ 286,699</u> |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

Future payment requirements on leases are as follows:

| Year Ended<br>June 30, | Principal         | Interest    | Total             |
|------------------------|-------------------|-------------|-------------------|
| 2026                   | <u>\$ 286,699</u> | <u>\$ -</u> | <u>\$ 286,699</u> |

#### 5. SBITAs Payable

The District has four multi-year SBITA agreements which meet the definition under GASB 96 for recognition as an asset and liability. SBITAs payable activity for the fiscal year ended June 30, 2025, was as follows:

| Description          | Term      | Interest Rate | Beginning<br>Balance | Current Year<br>Additions | Current Year<br>Principal<br>Payments | Ending<br>Balance |
|----------------------|-----------|---------------|----------------------|---------------------------|---------------------------------------|-------------------|
| AMSNET Software #1   | 36 Months | 8.250%        | \$ 55,657            | \$ -                      | \$ 55,657                             | \$ -              |
| AMSNET Software #2   | 36 Months | 8.250%        | 45,967               | -                         | 45,967                                | -                 |
| Vector Software      | 36 Months | 8.250%        | 18,253               | -                         | 18,253                                | -                 |
| Total SBITAs Payable |           |               | <u>\$ 119,877</u>    | <u>\$ -</u>               | <u>\$ 119,877</u>                     | <u>\$ -</u>       |

#### 6. Compensated Absences

As of June 30, 2025 compensated absences consisted of the following:

|                                 | Balance<br>July 1, 2024 | Current Year<br>Changes | Balance<br>June 30, 2025 | Amounts Due<br>Within One<br>Year |
|---------------------------------|-------------------------|-------------------------|--------------------------|-----------------------------------|
| <i>Governmental Activities</i>  |                         |                         |                          |                                   |
| Vacation Liability              | \$ 240,811              | \$ 57,467               | \$ 298,278               | \$ 179,205                        |
| Sick Leave                      | 687,368                 | (81,900)                | 605,468                  | 372,080                           |
| Total Governmental Activities   | <u>928,179</u>          | <u>(24,433)</u>         | <u>903,746</u>           | <u>551,285</u>                    |
| <i>Business Type Activities</i> |                         |                         |                          |                                   |
| Vacation Liability              | 35,155                  | 9,678                   | 44,833                   | 27,552                            |
| Sick Leave                      | 12,213                  | 4,263                   | 16,476                   | 10,125                            |
| Total Business Type Activities  | <u>47,368</u>           | <u>13,941</u>           | <u>61,309</u>            | <u>37,677</u>                     |
| Total Compensated Absences      | <u>\$ 975,547</u>       | <u>\$ (10,492)</u>      | <u>\$ 965,055</u>        | <u>\$ 588,962</u>                 |

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

## N. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plan's provisions and benefits in effect at June 30, 2025 are summarized as follows:

| Hire Date  | CalSTRS                |                       |
|--|------------------------|-----------------------|
|  | Before<br>Jan. 1, 2013 | After<br>Jan. 1, 2013 |
| Benefit Formula                                  | 2% at 60               | 2% at 62**            |
| Benefit Vesting Schedule                         | 5 Years                | 5 Years               |
| Benefit Payments                                 | Monthly for Life       | Monthly for Life      |
| Retirement Age                                   | 55 - 60                | 55 - 62               |
| Monthly Benefits as a % of Eligible Compensation | 1.1 - 2.4%*            | 1.0 - 2.4%*           |
| Required Employee Contribution Rates (2024-25)   | 10.250%                | 10.205%               |
| Required Employer Contribution Rates (2024-25)   | 19.100%                | 19.100%               |
| Required State Contribution Rates (2024-25)      | 10.828%                | 10.828%               |

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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| Hire Date  | CalPERS                |                       |
|--|------------------------|-----------------------|
|  | Before<br>Jan. 1, 2013 | After<br>Jan. 1, 2013 |
| Benefit Formula                                  | 2% at 60               | 2% at 62**            |
| Benefit Vesting Schedule                         | 5 Years                | 5 Years               |
| Benefit Payments                                 | Monthly for Life       | Monthly for Life      |
| Retirement Age                                   | 50 - 62                | 52 - 67               |
| Monthly Benefits as a % of Eligible Compensation | 1.1 - 2.5%*            | 1.0 - 2.5%*           |
| Required Employee Contribution Rates (2024-25)   | 7.000%                 | 8.000%                |
| Required Employer Contribution Rates (2024-25)   | 27.050%                | 27.050%               |

\*Amounts are limited to 120% of Social Security Wage Base

\*\*The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2025, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2025. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2025, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 27.05% of covered payroll.



## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### *On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2025 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

| CalSTRS    |              |              |               |
|------------|--------------|--------------|---------------|
| Year Ended | On Behalf    | On Behalf    | On Behalf     |
| June 30,   | Contribution | Contribution | Pension       |
|            | Rate         | Amount       | Expense       |
| 2023       | 10.828%      | \$ 3,675,216 | \$ 11,199,345 |
| 2024       | 10.828%      | 3,117,255    | (994,024)     |
| 2025       | 10.828%      | 3,160,844    | (525,668)     |

#### d. Contributions Recognized

For the fiscal year ended June 30, 2025 (measurement period June 30, 2024), the contributions recognized for each plan were:

#### Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)

|  | CalSTRS              | CalPERS             | Total                |
|--|----------------------|---------------------|----------------------|
| <i>Governmental Funds</i>                |                      |                     |                      |
| Contributions - Employer                 | \$ 6,860,156         | \$ 2,856,122        | \$ 9,716,278         |
| Contributions - State On Behalf Payments | 3,146,473            | -                   | 3,146,473            |
| Total Governmental Funds                 | <u>\$ 10,006,629</u> | <u>\$ 2,856,122</u> | <u>\$ 12,862,751</u> |

#### Enterprise Fund Financial Statements (Economic Resources Measurement Focus)

|  | CalSTRS          | CalPERS           | Total             |
|--|------------------|-------------------|-------------------|
| <i>Enterprise Funds</i>                  |                  |                   |                   |
| Contributions - Employer                 | \$ 29,590        | \$ 322,035        | \$ 351,625        |
| Contributions - State On Behalf Payments | 11,838           | -                 | 11,838            |
| Total Enterprise Funds                   | <u>\$ 41,428</u> | <u>\$ 322,035</u> | <u>\$ 363,463</u> |

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

|  | Government-Wide Financial Statements<br>(Economic Resources Measurement Focus) |                     |                      |
|--|--|---------------------|----------------------|
|  | CalSTRS  | CalPERS             | Total                |
| <i>Governmental Activities</i>             |  |                     |                      |
| Contributions - Employer                   | \$ 6,859,701   | \$ 2,711,333        | \$ 9,571,034         |
| Contributions - State On Behalf Payments   | 3,149,006  | -                   | 3,149,006            |
| Total Governmental Activities              | <u>\$ 10,008,707</u>   | <u>\$ 2,711,333</u> | <u>\$ 12,720,040</u> |
| <i>Business-Type Activities</i>            |  |                     |                      |
| Contributions - Employer                   | \$ 29,590  | \$ 322,035          | \$ 351,625           |
| Contributions - State On Behalf Payments   | 11,838   | -                   | 11,838               |
| Total Business-Type Activities             | <u>\$ 41,428</u>   | <u>\$ 322,035</u>   | <u>\$ 363,463</u>    |
| Total Government-Wide Financial Statements | <u>\$ 10,050,135</u>   | <u>\$ 3,033,368</u> | <u>\$ 13,083,503</u> |

## 2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

|         | Proportionate Share of the<br>Net Pension Liability |                                     |                      |
|---------|---|-------------------------------------|----------------------|
|         | <i>Governmental<br/>Activities</i>                  | <i>Business-Type<br/>Activities</i> | <i>Total</i>         |
| CalSTRS | \$ 36,720,319                                       | \$ 158,504                          | \$ 36,878,823        |
| CalPERS | 17,967,326  | 2,633,593                           | 20,600,919           |
| Total   | <u>\$ 54,687,645</u>                                | <u>\$ 2,792,097</u>                 | <u>\$ 57,479,742</u> |

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to measurement date June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

The District's proportionate share of the net pension liability for each Plan as of June 30, 2024 and June 30, 2025 were as follows:

|                                 | CalSTRS    |   |                                    | CalPERS                              |
|---------------------------------|------------|---|------------------------------------|--------------------------------------|
|                                 |            | State's<br>Proportionate<br>Share for<br>District<br>Employees* | Total for<br>District<br>Employees | District's<br>Proportionate<br>Share |
| <i>Governmental Activities</i>  |            |   |                                    |                                      |
| Proportion June 30, 2024        | 0.056404%  | 0.027033%   | 0.083437%                          | 0.051035%                            |
| Proportion June 30, 2025        | 0.054674%  | 0.025085%   | 0.079759%                          | 0.050274%                            |
| Change in Proportion            | -0.001730% | -0.001948%  | -0.003678%                         | -0.000761%                           |
| <i>Business-Type Activities</i> |            |   |                                    |                                      |
| Proportion June 30, 2024        | 0.000233%  | 0.000112%   | 0.000345%                          | 0.007333%                            |
| Proportion June 30, 2025        | 0.000236%  | 0.000108%   | 0.000344%                          | 0.007369%                            |
| Change in Proportion            | 0.000003%  | -0.000004%  | -0.000001%                         | 0.000036%                            |

\*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

|                                 | <i>Governmental Activities</i> |                     |                     |
|---------------------------------|--------------------------------|---------------------|---------------------|
|                                 | CalSTRS                        | CalPERS             | Total               |
| Change in Net Pension Liability | \$ (6,237,368)                 | \$ (506,777)        | \$ (6,744,145)      |
| State On Behalf Pension Expense | (523,409)                      | -                   | (523,409)           |
| Employer Contributions          | 6,860,156                      | 2,856,122           | 9,716,278           |
| Change in Deferrals for:        |                                |                     |                     |
| Experience Differences          | (1,469,138)                    | (987,268)           | (2,456,406)         |
| Changes in Assumptions          | 88,000                         | 453,955             | 541,955             |
| Changes in Proportionate Share  | 1,906,813                      | 343,080             | 2,249,893           |
| Subsequent Contributions        | (197,410)                      | (188,315)           | (385,725)           |
| Earnings Differences            | 331,760                        | 1,275,369           | 1,607,129           |
| Total Pension Expense           | <u>\$ 759,404</u>              | <u>\$ 3,246,166</u> | <u>\$ 4,005,570</u> |

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

|                                       | <i>Business-Type Activities</i> |                     |                     |
|---------------------------------------|---------------------------------|---------------------|---------------------|
|                                       | CalSTRS                         | CalPERS             | Total               |
| Change in Net Pension Liability       | \$ (18,950)                     | \$ (20,872)         | \$ (39,822)         |
| State On Behalf Pension Expense       | (2,259)                         | -                   | (2,259)             |
| Employer Contributions                | 31,335                          | 467,782             | 499,117             |
| Change in Deferrals for:              |                                 |                     |                     |
| Experience Differences                | (6,544)                         | (145,838)           | (152,382)           |
| Changes in Assumptions                | 333                             | 64,079              | 64,412              |
| Changes in Proportionate Share        | (26,981)                        | (787,535)           | (814,516)           |
| Subsequent Contributions              | (1,745)                         | (80,003)            | (81,748)            |
| Earnings Differences                  | 1,400                           | 181,235             | 182,635             |
| Total Pension Expense                 | <u>\$ (23,411)</u>              | <u>\$ (321,152)</u> | <u>\$ (344,563)</u> |
| Total Pension Expense Government-Wide | <u>\$ 735,993</u>               | <u>\$ 2,925,014</u> | <u>\$ 3,661,007</u> |

## b. Deferred Outflows and Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                      | <i>Deferred Outflows of Resources</i> |                     |                      |
|--------------------------------------|---------------------------------------|---------------------|----------------------|
|                                      | CalSTRS                               | CalPERS             | Total                |
| <i>Governmental Activities</i>       |                                       |                     |                      |
| Subsequent Contributions             | \$ 6,860,156                          | \$ 2,856,122        | \$ 9,716,278         |
| Experience Differences               | 4,154,052                             | 1,506,297           | 5,660,349            |
| Changes in Assumptions               | 160,741                               | 397,139             | 557,880              |
| Changes in Proportionate Share       | 5,379,447                             | 182,953             | 5,562,400            |
| Earnings Differences                 | -                                     | 697,928             | 697,928              |
| Total Governmental Activities        | <u>16,554,396</u>                     | <u>5,640,439</u>    | <u>22,194,835</u>    |
| <i>Business-Type Activities</i>      |                                       |                     |                      |
| Subsequent Contributions             | 31,335                                | 467,782             | 499,117              |
| Experience Differences               | 17,931                                | 220,788             | 238,719              |
| Changes in Assumptions               | 694                                   | 58,212              | 58,906               |
| Changes in Proportionate Share       | 116,817                               | 11,377              | 128,194              |
| Earnings Differences                 | -                                     | 102,300             | 102,300              |
| Total Business-Type Activities       | <u>166,777</u>                        | <u>860,459</u>      | <u>1,027,236</u>     |
| Total Deferred Outflows of Resources | <u>\$ 16,721,173</u>                  | <u>\$ 6,500,898</u> | <u>\$ 23,222,071</u> |

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

|                                     | Deferred Inflows of Resources |              |                |
|-------------------------------------|-------------------------------|--------------|----------------|
|                                     | CalSTRS                       | CalPERS      | Total          |
| <i>Governmental Activities</i>      |                               |              |                |
| Experience Differences              | \$ (1,606,792)                | \$ (128,592) | \$ (1,735,384) |
| Changes in Proportionate Share      | (3,444,810)                   | (565,960)    | (4,010,770)    |
| Earnings Differences                | (150,026)                     | -            | (150,026)      |
| Total Governmental Activities       | (5,201,628)                   | (694,552)    | (5,896,180)    |
| <i>Business-Type Activities</i>     |                               |              |                |
| Experience Differences              | (6,934)                       | (18,848)     | (25,782)       |
| Changes in Proportionate Share      | (111,168)                     | (249,665)    | (360,833)      |
| Earnings Differences                | (649)                         | -            | (649)          |
| Total Business-Type Activities      | (118,751)                     | (268,513)    | (387,264)      |
| Total Deferred Inflows of Resources | \$ (5,320,379)                | \$ (963,065) | \$ (6,283,444) |

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2026. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a multi-year period.

Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

|            | Governmental Activities        |              |                               |              |               |
|------------|--------------------------------|--------------|-------------------------------|--------------|---------------|
|            | Deferred Outflows of Resources |              | Deferred Inflows of Resources |              |               |
| Year Ended |                                |              |                               |              | Net Effect    |
| June 30,   | CalSTRS                        | CalPERS      | CalSTRS                       | CalPERS      | on Expenses   |
| 2026       | \$ 9,019,796                   | \$ 3,957,512 | \$ (3,943,717)                | \$ (536,994) | \$ 8,496,597  |
| 2027       | 2,159,639                      | 1,728,017    | 1,766,069                     | (82,926)     | 5,570,799     |
| 2028       | 2,018,241                      | 175,743      | (1,365,019)                   | (74,632)     | 754,333       |
| 2029       | 1,559,445                      | (220,833)    | (1,269,289)                   | -            | 69,323        |
| 2030       | 1,559,444                      | -            | (194,836)                     | -            | 1,364,608     |
| Thereafter | 237,831                        | -            | (194,836)                     | -            | 42,995        |
| Total      | \$ 16,554,396                  | \$ 5,640,439 | \$ (5,201,628)                | \$ (694,552) | \$ 16,298,655 |

| Business-Type Activities |                                |            |                               |              |             |
|--------------------------|--------------------------------|------------|-------------------------------|--------------|-------------|
|                          | Deferred Outflows of Resources |            | Deferred Inflows of Resources |              |             |
| Year Ended               |                                |            |                               |              | Net Effect  |
| June 30,                 | CalSTRS                        | CalPERS    | CalSTRS                       | CalPERS      | on Expenses |
| 2026                     | \$ 61,952                      | \$ 618,246 | \$ (69,741)                   | \$ (250,943) | \$ 359,514  |
| 2027                     | 30,617                         | 245,290    | (18,776)                      | (17,570)     | 239,561     |
| 2028                     | 30,270                         | 29,293     | (27,902)                      | -            | 31,661      |
| 2029                     | 30,268                         | (32,370)   | (2,332)                       | -            | (4,434)     |
| 2030                     | 12,336                         | -          | -                             | -            | 12,336      |
| Thereafter               | 1,334                          | -          | -                             | -            | 1,334       |
| Total                    | \$ 166,777                     | \$ 860,459 | \$ (118,751)                  | \$ (268,513) | \$ 639,972  |

## Del Mar Union School District

### Notes to the Financial Statements, Continued

June 30, 2025

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c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2025, were based on actuarial valuations determined using the following actuarial assumptions:

|                                  | CalSTRS                     | CalPERS                      |
|----------------------------------|-----------------------------|------------------------------|
| Fiscal Year                      | 6/30/2025                   | 6/30/2025                    |
| Measurement Date                 | 6/30/2024                   | 6/30/2024                    |
| Valuation Date                   | 6/30/2023                   | 6/30/2023                    |
| Actuarial Cost Method            | Entry Age Normal            | Entry Age Normal             |
| Experience Study Period          | 2007 - 2022                 | 2000 - 2019                  |
| Actuarial Assumptions:           |                             |                              |
| Discount Rate                    | 7.10%                       | 6.90%                        |
| Inflation                        | 2.75%                       | 2.30%                        |
| Wage Growth                      | 3.50%                       | Varies <sup>(3)</sup>        |
| Payroll Growth                   | 3.25%                       | Varies <sup>(3)</sup>        |
| Investment Rate of Return        | 7.10%                       | 6.90%                        |
| Post Retirement Benefit Increase | 2.00% Simple <sup>(1)</sup> | 2.00% - 2.30% <sup>(4)</sup> |
| Mortality                        | CalSTRS Data <sup>(2)</sup> | CalPERS Data <sup>(5)</sup>  |

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (Fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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

### CalSTRS

| Asset Class                | Assumed Asset Allocation | Long-Term Expected Rate of Return <sup>(1)</sup> | Long-Term Expected Real Rate of Return <sup>(2)</sup> |
|----------------------------|--------------------------|--|---|
| Public Equity              | 38.00%                   | 8.00%  | 5.25%   |
| Real Estate                | 15.00%                   | 6.80%  | 4.05%   |
| Private Equity             | 14.00%                   | 9.50%  | 6.75%   |
| Fixed Income               | 14.00%                   | 5.20%  | 2.45%   |
| Risk Mitigation Strategies | 10.00%                   | 5.00%  | 2.25%   |
| Inflation Sensitive        | 7.00%                    | 6.40%  | 3.65%   |
| Cash/Liquid                | 2.00%                    | 2.80%  | 0.05%   |

<sup>(1)</sup> 20 to 30 year geometric average.

<sup>(2)</sup> Real rates of return are net of assumed 2.75% inflation

### CalPERS

| Asset Class                      | Assumed Asset Allocation | Long-Term Expected Real Rate of Return <sup>(3),(4)</sup> |
|----------------------------------|--------------------------|---|
| Global Equity - cap weighted     | 30.00%                   | 4.54%   |
| Global Equity - non-cap weighted | 12.00%                   | 3.84%   |
| Private Equity                   | 13.00%                   | 7.28%   |
| Treasury                         | 5.00%                    | 0.27%   |
| Mortgage-Backed Securities       | 5.00%                    | 0.50%   |
| Investment Grade Corporates      | 10.00%                   | 1.56%   |
| High Yield                       | 5.00%                    | 2.27%   |
| Emerging Market Debt             | 5.00%                    | 2.48%   |
| Private Debt                     | 5.00%                    | 3.57%   |
| Real Assets                      | 15.00%                   | 3.21%   |
| Leverage                         | -5.00%                   | -0.59%  |

<sup>(3)</sup> An expected price inflation of 2.30% used for this period.

<sup>(4)</sup> Figures are based on the 2021-22 Asset Liability Management Study.



## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, 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 or 1 percentage point higher than the current rate:

|                       | <b>CalSTRS</b>             |                             |               |
|-----------------------|----------------------------|-----------------------------|---------------|
|                       | Governmental<br>Activities | Business-Type<br>Activities | Total         |
| 1% Decrease           | 6.10%                      | 6.10%                       | 6.10%         |
| Net Pension Liability | \$ 65,314,107              | \$ 281,928                  | \$ 65,596,035 |
| Current Discount Rate | 7.10%                      | 7.10%                       | 7.10%         |
| Net Pension Liability | \$ 36,720,319              | \$ 158,504                  | \$ 36,878,823 |
| 1% Increase           | 8.10%                      | 8.10%                       | 8.10%         |
| Net Pension Liability | \$ 12,844,016              | \$ 55,441                   | \$ 12,899,457 |

|                       | <b>CalPERS</b>             |                             |               |
|-----------------------|----------------------------|-----------------------------|---------------|
|                       | Governmental<br>Activities | Business-Type<br>Activities | Total         |
| 1% Decrease           | 5.90%                      | 5.90%                       | 5.90%         |
| Net Pension Liability | \$ 26,690,610              | \$ 3,912,223                | \$ 30,602,833 |
| Current Discount Rate | 6.90%                      | 6.90%                       | 6.90%         |
| Net Pension Liability | \$ 17,967,326              | \$ 2,633,593                | \$ 20,600,919 |
| 1% Increase           | 7.90%                      | 7.90%                       | 7.90%         |
| Net Pension Liability | \$ 10,761,196              | \$ 1,577,341                | \$ 12,338,537 |

# Del Mar Union School District

## Notes to the Financial Statements, Continued

June 30, 2025

### 3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

#### CalSTRS Governmental Activities

|                                 | Increase (Decrease)     |                             |                       |  |   |
|---------------------------------|-------------------------|-----------------------------|-----------------------|--|---|
|                                 | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | State's Share of Net Pension Liability | District's Share of Net Pension Liability |
|                                 | (a)                     | (b)                         | (a) - (b)             | (c)                                    | (a) - (b) - (c)                           |
| <b>Balance at June 30, 2024</b> |                         |                             |                       |  |   |
| (Previously Reported)           | \$ 327,974,156          | \$ 264,427,944              | \$ 63,546,212         | \$ 20,588,525                          | \$ 42,957,687                             |
| <b>Changes for the year</b>     |                         |                             |                       |  |   |
| Change in proportionate share   | (14,457,482)            | (11,656,291)                | (2,801,191)           | (1,483,611)                            | (1,317,580)                               |
| Service cost                    | 6,943,819               | -                           | 6,943,819             | 2,183,900                              | 4,759,919                                 |
| Interest                        | 22,217,667              | -                           | 22,217,667            | 6,987,678                              | 15,229,989                                |
| Experience differences          | 2,428,662               | -                           | 2,428,662             | 763,838                                | 1,664,824                                 |
| Change in assumptions           | (4,267,904)             | -                           | (4,267,904)           | (1,342,298)                            | (2,925,606)                               |
| Change in benefits              | 26,320                  | -                           | 26,320                | 8,278                                  | 18,042                                    |
| Contributions:                  |                         |                             |                       |  |   |
| Employer                        | -                       | 6,847,654                   | (6,847,654)           | (2,153,656)                            | (4,693,998)                               |
| Employee                        | -                       | 3,776,589                   | (3,776,589)           | (1,187,775)                            | (2,588,814)                               |
| State on behalf                 | -                       | 3,147,269                   | (3,147,269)           | (989,848)                              | (2,157,421)                               |
| Net investment income           | -                       | 20,875,323                  | (20,875,323)          | (6,565,497)                            | (14,309,826)                              |
| Other income                    | -                       | 311,858                     | (311,858)             | (98,082)                               | (213,776)                                 |
| Benefit payments <sup>(1)</sup> | (15,304,157)            | (15,304,157)                | -                     | -                                      | -   |
| Administrative expenses         | -                       | (161,911)                   | 161,911               | 50,923                                 | 110,988                                   |
| Borrowing costs                 | -                       | (265,597)                   | 265,597               | 83,533                                 | 182,064                                   |
| Other expenses                  | -                       | (5,583)                     | 5,583                 | 1,756                                  | 3,827                                     |
| Net changes                     | (2,413,075)             | 7,565,154                   | (9,978,229)           | (3,740,861)                            | (6,237,368)                               |
| <b>Balance at June 30, 2025</b> | <u>\$ 325,561,081</u>   | <u>\$ 271,993,098</u>       | <u>\$ 53,567,983</u>  | <u>\$ 16,847,664</u>                   | <u>\$ 36,720,319</u>                      |

#### CalSTRS Business-Type Activities

|                                 | Increase (Decrease)     |                             |                       |  |   |
|---------------------------------|-------------------------|-----------------------------|-----------------------|--|---|
|                                 | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | State's Share of Net Pension Liability | District's Share of Net Pension Liability |
|                                 | (a)                     | (b)                         | (a) - (b)             | (c)                                    | (a) - (b) - (c)                           |
| <b>Balance at June 30, 2024</b> |                         |                             |                       |  |   |
| (Previously Reported)           | \$ 1,356,126            | \$ 1,093,372                | \$ 262,754            | \$ 85,300                              | \$ 177,454                                |
| <b>Changes for the year</b>     |                         |                             |                       |  |   |
| Change in proportionate share   | (3,931)                 | (3,169)                     | (762)                 | (3,046)                                | 2,284                                     |
| Service cost                    | 29,949                  | -                           | 29,949                | 9,402                                  | 20,547                                    |
| Interest                        | 95,825                  | -                           | 95,825                | 30,084                                 | 65,741                                    |
| Experience differences          | 10,475                  | -                           | 10,475                | 3,289                                  | 7,186                                     |
| Change in assumptions           | (18,407)                | -                           | (18,407)              | (5,779)                                | (12,628)                                  |
| Change in benefits              | 114                     | -                           | 114                   | 36                                     | 78  |
| Contributions:                  |                         |                             |                       |  |   |
| Employer                        | -                       | 29,534                      | (29,534)              | (9,272)                                | (20,262)                                  |
| Employee                        | -                       | 16,288                      | (16,288)              | (5,114)                                | (11,174)                                  |
| State on behalf                 | -                       | 13,574                      | (13,574)              | (4,262)                                | (9,312)                                   |
| Net investment income           | -                       | 90,035                      | (90,035)              | (28,267)                               | (61,768)                                  |
| Other income                    | -                       | 1,345                       | (1,345)               | (422)                                  | (923)                                     |
| Benefit payments <sup>(1)</sup> | (66,007)                | (66,007)                    | -                     | -                                      | -   |
| Administrative expenses         | -                       | (698)                       | 698                   | 219                                    | 479                                       |
| Borrowing costs                 | -                       | (1,146)                     | 1,146                 | 360                                    | 786                                       |
| Other expenses                  | -                       | (24)                        | 24                    | 8                                      | 16  |
| Net changes                     | 48,018                  | 79,732                      | (31,714)              | (12,764)                               | (18,950)                                  |
| <b>Balance at June 30, 2025</b> | <u>\$ 1,404,144</u>     | <u>\$ 1,173,104</u>         | <u>\$ 231,040</u>     | <u>\$ 72,536</u>                       | <u>\$ 158,504</u>                         |

(1) – Includes refunds of employee contributions

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

## CalPERS Governmental Activities

|                                 | Increase (Decrease)     |                             |                       |
|---------------------------------|-------------------------|-----------------------------|-----------------------|
|                                 | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|                                 | (a)                     | (b)                         | (a) - (b)             |
| <b>Balance at June 30, 2024</b> |                         |                             |                       |
| (Previously Reported)           | \$ 61,504,090           | \$ 43,029,987               | \$ 18,474,103         |
| <b>Changes for the year</b>     |                         |                             |                       |
| Change in proportionate share   | (917,108)               | (641,635)                   | (275,473)             |
| Service cost                    | 1,558,070               | -                           | 1,558,070             |
| Interest                        | 4,231,476               | -                           | 4,231,476             |
| Experience differences          | 1,456,354               | -                           | 1,456,354             |
| Contributions:                  |                         |                             |                       |
| Employer                        | -                       | 2,699,139                   | (2,699,139)           |
| Employee                        | -                       | 771,286                     | (771,286)             |
| Net investment income           | -                       | 4,041,860                   | (4,041,860)           |
| Benefit payments <sup>(1)</sup> | (2,993,270)             | (2,993,270)                 | -                     |
| Administrative expenses         | -                       | (35,081)                    | 35,081                |
| Net changes                     | 3,335,522               | 3,842,299                   | (506,777)             |
| <b>Balance at June 30, 2025</b> | <u>\$ 64,839,612</u>    | <u>\$ 46,872,286</u>        | <u>\$ 17,967,326</u>  |

## CalPERS Business-Type Activities

|                                 | Increase (Decrease)     |                             |                       |
|---------------------------------|-------------------------|-----------------------------|-----------------------|
|                                 | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|                                 | (a)                     | (b)                         | (a) - (b)             |
| <b>Balance at June 30, 2024</b> |                         |                             |                       |
| (Previously Reported)           | \$ 8,837,259            | \$ 6,182,794                | \$ 2,654,465          |
| <b>Changes for the year</b>     |                         |                             |                       |
| Change in proportionate share   | 43,385                  | 30,353                      | 13,032                |
| Service cost                    | 228,377                 | -                           | 228,377               |
| Interest                        | 620,236                 | -                           | 620,236               |
| Experience differences          | 213,468                 | -                           | 213,468               |
| Contributions:                  |                         |                             |                       |
| Employer                        | -                       | 395,631                     | (395,631)             |
| Employee                        | -                       | 113,053                     | (113,053)             |
| Net investment income           | -                       | 592,443                     | (592,443)             |
| Benefit payments <sup>(1)</sup> | (438,744)               | (438,744)                   | -                     |
| Administrative expenses         | -                       | (5,142)                     | 5,142                 |
| Net changes                     | 666,722                 | 687,594                     | (20,872)              |
| <b>Balance at June 30, 2025</b> | <u>\$ 9,503,981</u>     | <u>\$ 6,870,388</u>         | <u>\$ 2,633,593</u>   |

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### O. Alternative Pension Plan

The District participates in one alternative pension plan through the Fringe Benefit Consortium (FBC) Deferred Compensation Program. The FBC was formed in October 1982 as part of a Joint Powers Agreement (JPA) of the San Diego County Office of Education. The FBC provides 401(a), 457(b), and 403(b) investment programs. Under these plans, eligible employees will contribute up to \$23,500 per year of their salary before taxes. The catch-up contribution limit for those age 50 to age 59 or age 64+ is \$7,500 and a special catch-up contribution of \$11,250 is available for employees who are age 60 to age 63. The District does not have any obligation with regards to this voluntary plan offered to employees.

### P. Postemployment Benefits Other than Pension Benefits (OPEB)

#### 1. General Information about the OPEB Plan

##### *Plan Description*

The California Public Employees Retirement System (CalPERS) administers the Del Mar Union School District Retiree Benefits Plan (Plan) through the California Employers' Retiree Benefit Trust (CERBT). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees. Stand alone financial statements can be obtained by contacting the District or CalPERS.

The Plan provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents until the retiree turns age 65. The District's financial obligation is to provide these benefits at the same cost as active employees. The District's contribution is subject to an annual maximum of \$14,500 per eligible employee receiving benefits based on amounts approved by the board and agreed upon with the bargaining units. Additional contributions to the plan can be made upon board approval to fund future liabilities. The annual maximum is subject to periodic changes. Hourly and most part-time employees are not eligible for retiree health benefits.

##### *Plan Eligibility*

Eligibility for retiree health coverage requires retirement from CalPERS or CalSTRS on or after age 55 with age plus District years of service greater than or equal to 75. The District does not provide any retiree health benefits after a retiree turns 65. Dependent coverage ceases upon the death of the retiree or when the retiree turns age 65.

##### *Premium Rates*

The District currently offers through Self-Insured Schools of California (SISC) a Kaiser HMO Plan, two California Care Plans, an Anthem PPO Plan, an Anthem High Deductible Health Plan, and a Simnsa HMO Plan. The District also offers a Delta Dental Plan and a VSP Vision Plan through the San Diego Fringe Benefits Consortium.

The premiums billed for retiree medical coverage under age 65 are the same as those for active medical coverage. Thus, the District is providing a "rate subsidy" to the retirees based on this blended rate. GASB 75 requires that when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently. This requires valuing any "rate subsidy" as an additional financial obligation to the District.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### *Employees Covered by Benefit Terms*

At measurement date, June 30, 2025, Plan membership consisted of the following:

|   |            |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 16         |
| Inactive plan members entitled to but not yet receiving benefits    | 0          |
| Active plan members   | <u>350</u> |
|   | <u>366</u> |

## 2. Net OPEB Liability of the District and the Plan

The District's total OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

### *Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Fiscal Year                 | July 1 <sup>st</sup> to June 30 <sup>th</sup> |
| Measurement Date            | June 30, 2025                                 |
| Funding Policy              | Pay-as-you-go                                 |
| Discount Rate               | 6.48% per annum                               |
| Inflation                   | 2.50% per annum                               |
| Salary Increases            | 2.75% per annum                               |
| Healthcare Cost Trend Rates | 4.00%   |
| Retiree's Share of Costs    | 0.00% of projected premiums                   |

The discount rate is based on assumed long-term return on employer assets utilizing the building block method and the crossover test, assuming the District will continue to make pay-as-you-go payments outside of the Trust and contribute additional amounts to the trust as the board approves them.

Mortality rates are based on the 2020 CalSTRS Mortality Tables and the 2021 CalPERS Mortality Table for Miscellaneous and School Employees.

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level of annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB Statement No. 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

All employees eligible as of the measurement date in accordance with provisions of the Plan were included in the valuation.

### *Actuarial Value of Assets*

Any assets of the plan are valued on a market value basis.

### *Long-Term Expected Rate of Return*

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2025 are summarized in the following table:

| Asset Class                                    | Percentage of Portfolio | Assumed Gross Return |
|--|-------------------------|----------------------|
| All Equities                                   | 49%                     | 7.25%                |
| All Fixed Income                               | 23%                     | 4.25%                |
| Real Estate Investment Trusts                  | 20%                     | 7.25%                |
| All Commodities                                | 3%                      | 7.25%                |
| Treasury Inflation Protected Securities (TIPS) | 5%                      | 3.00%                |

### *Changes in the Net OPEB Liability*

|                                     | Increase (Decrease)  |                             |                    |
|-------------------------------------|----------------------|-----------------------------|--------------------|
|                                     | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| <i>Governmental Activities</i>      | (a)                  | (b)                         | (a) - (b)          |
| Balance at June 30, 2024            | \$ 9,841,025         | \$ 1,777,458                | \$ 8,063,567       |
| Change in Proportionate Share       | 723                  | 384                         | 339                |
| Service Cost                        | 383,124              | -                           | 383,124            |
| Interest                            | 631,112              | 219,361                     | 411,751            |
| Experience Differences              | (114,798)            | -                           | (114,798)          |
| Changes in Assumptions              | (83,299)             | -                           | (83,299)           |
| Contributions - Employer            | -                    | 320,613                     | (320,613)          |
| Benefit Payments, Including Refunds | (225,920)            | (225,920)                   | -                  |
| Administrative Expenses             | -                    | (1,383)                     | 1,383              |
| Net Changes                         | 590,942              | 313,055                     | 277,887            |
| Balance at June 30, 2025            | \$ 10,431,967        | \$ 2,090,513                | \$ 8,341,454       |

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

| <u>Business-Type Activities</u>     | Increase (Decrease) |                |            |
|-------------------------------------|---------------------|----------------|------------|
|                                     | Total OPEB          | Plan Fiduciary | Net OPEB   |
| Balance at June 30, 2024            | \$ 538,807          | \$ 97,318      | \$ 441,489 |
| Change in Proportionate Share       | (723)               | (384)          | (339)      |
| Service Cost                        | 21,472              | -              | 21,472     |
| Interest                            | 35,371              | 12,294         | 23,077     |
| Experience Differences              | (6,434)             | -              | (6,434)    |
| Changes in Assumptions              | (4,669)             | -              | (4,669)    |
| Contributions - Employer            | -                   | 17,969         | (17,969)   |
| Benefit Payments, Including Refunds | (12,662)            | (12,662)       | -          |
| Administrative Expenses             | -                   | (77)           | 77         |
| Net Changes                         | 32,355              | 17,140         | 15,215     |
| Balance at June 30, 2025            | \$ 571,162          | \$ 114,458     | \$ 456,704 |

## *Sensitivity of the net OPEB liability to changes in the discount rate*

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

|   | 1% Decrease<br>(5.48%) | Current<br>Discount Rate<br>(6.48%) | 1% Increase<br>(7.48%) |
|---|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability - Governmental Activities  | \$ 9,121,130           | \$ 8,341,454                        | \$ 7,610,817           |
| Net OPEB Liability - Business Type Activities | 499,392                | 456,704                             | 416,701                |
| Total Net OPEB Liability                      | \$ 9,620,522           | \$ 8,798,158                        | \$ 8,027,518           |

## *Sensitivity of the net OPEB liability to changes in the health care cost trend rates*

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

|   | 1% Decrease<br>(3.00%) | Current<br>(4.00%) | 1% Increase<br>(5.00%) |
|---|------------------------|--------------------|------------------------|
| Net OPEB Liability - Governmental Activities  | \$ 7,323,616           | \$ 8,341,454       | \$ 9,506,495           |
| Net OPEB Liability - Business Type Activities | 400,976                | 456,704            | 520,491                |
| Total Net OPEB Liability                      | \$ 7,724,592           | \$ 8,798,158       | \$ 10,026,986          |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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### *OPEB Plan Fiduciary Net Position*

Detailed information about the OPEB Plan's fiduciary net position is available in the stand alone fiduciary fund financial statements which can be obtained by contacting the District or CalPERS.

### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2025, the District recognized OPEB expense of \$242,235. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                      | Deferred Outflows of Resources     |                                     |                     |
|--------------------------------------|------------------------------------|-------------------------------------|---------------------|
|                                      | <i>Governmental<br/>Activities</i> | <i>Business-Type<br/>Activities</i> | <i>Total</i>        |
| Experience differences               | \$ 344,614                         | \$ 19,314                           | \$ 363,928          |
| Changes of assumptions               | 350,552                            | 19,647                              | 370,199             |
| Change in proportionate share        | 203,005                            | 383,436                             | 586,441             |
| Total Deferred Outflows of Resources | <u>\$ 898,171</u>                  | <u>\$ 422,397</u>                   | <u>\$ 1,320,568</u> |

|                                     | Deferred Inflows of Resources |                      |                     |
|-------------------------------------|-------------------------------|----------------------|---------------------|
|                                     | <i>Governmental</i>           | <i>Business-Type</i> | <i>Total</i>        |
| Experience differences              | \$ 1,098,841                  | \$ 61,585            | \$ 1,160,426        |
| Changes of assumptions              | 4,676,983                     | 262,122              | 4,939,105           |
| Change in proportionate share       | 383,436                       | 203,005              | 586,441             |
| Earnings differences                | 52,944                        | 2,969                | 55,913              |
| Total Deferred Inflows of Resources | <u>\$ 6,212,204</u>           | <u>\$ 529,681</u>    | <u>\$ 6,741,885</u> |



## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

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

| <i>Governmental Activities</i> |                                      |                                     |                               |
|--------------------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Year Ended<br>June 30,         | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Effect on<br>OPEB Expense |
| 2026                           | \$ 246,652                           | \$ (889,163)                        | \$ (642,511)                  |
| 2027                           | 246,652                              | (945,639)                           | (698,987)                     |
| 2028                           | 216,581                              | (903,847)                           | (687,266)                     |
| 2029                           | 28,561                               | (891,323)                           | (862,762)                     |
| 2030                           | 28,561                               | (754,889)                           | (726,328)                     |
| Thereafter                     | 131,164                              | (1,827,343)                         | (1,696,179)                   |
| Total                          | <u>\$ 898,171</u>                    | <u>\$ (6,212,204)</u>               | <u>\$ (5,314,033)</u>         |

| <i>Business-Type Activities</i> |                                      |                                     |                               |
|---------------------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Year Ended<br>June 30,          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Effect on<br>OPEB Expense |
| 2026                            | \$ 52,596                            | \$ (65,729)                         | \$ (13,133)                   |
| 2027                            | 50,161                               | (69,031)                            | (18,870)                      |
| 2028                            | 48,476                               | (66,687)                            | (18,211)                      |
| 2029                            | 37,938                               | (65,987)                            | (28,049)                      |
| 2030                            | 37,938                               | (58,342)                            | (20,404)                      |
| Thereafter                      | 195,288                              | (203,905)                           | (8,617)                       |
| Total                           | <u>\$ 422,397</u>                    | <u>\$ (529,681)</u>                 | <u>\$ (107,284)</u>           |

### *Payables to the OPEB Plan*

At June 30, 2025, the District did not have any payables to the OPEB plan outstanding.

## **Del Mar Union School District**

Notes to the Financial Statements, Continued

June 30, 2025

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### **Q. Risk Management**

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

### **R. Participation in Joint Powers Authorities**

The District is a member of two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSRM) and the San Diego County Schools Fringe Benefits Consortium (SDCSFBC) for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. 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.

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

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### S. Commitments and Contingencies

#### 1. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

#### 2. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2025.

#### 3. Construction Commitments

As of June 30, 2025, the District had outstanding commitments with respect to unfinished capital projects as follows:

| Project Name                        | Commitment Amount | Expenditures through June 30, 2025 | Remaining Commitment as of June 30, 2025 | Expected Completion Date |
|-------------------------------------|-------------------|------------------------------------|--|--------------------------|
| Del Mar Hills Academy Modernization | \$ 26,246,014     | \$ 22,705,443                      | \$ 3,540,571                             | November 2025            |
| Carmel Del Mar Modernization        | 1,222,690         | 298,471                            | 924,219                                  | September 2026           |
| Total                               | \$ 27,468,704     | \$ 23,003,914                      | \$ 4,464,790                             |                          |

### T. Concentration Risk Related to Collective Bargaining Agreements

As of June 30, 2025 approximately 70% of the District's employees are represented by one union, the Del Mar California Teachers Association (DMCTA). The agreement in effect for the 2024-25 fiscal year expired on June 30, 2025. In February of 2025 the District and the DMCTA signed a new agreement which expires on June 30, 2028.

The District's reliance on a workforce that is predominantly unionized creates a concentration risk. If the District is unable to successfully negotiate new agreements before the expiration date, or if labor actions such as strikes or work stoppages occur, there could be a significant impact on the District's ability to provide essential services at current levels. Additionally, the outcome of future negotiations may result in increased personnel costs, which could affect the District's ability to meet its financial obligations as they come due.

Management has evaluated the financial impact of the new agreement and incorporated these considerations into its long-term financial planning. The District will continue to monitor its obligations under the agreement and assess any emerging risks related to collective bargaining as the agreements progress toward expiration.

Management believes that, with the new agreement in place, the risk of immediate labor disruption has been mitigated. However, the District will continue to assess the potential for future risks as the expiration of the agreement approaches and will update its risk assessment as necessary.

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### U. Deferred Outflows of Resources

The District issued refunding special tax bonds and as a result of the calculated gain or loss, a loss on refunding was recognized as a deferred outflow of resources. The loss on refunding will be amortized over the life of the refunding bonds.

The District issued special tax bonds which included prepaid debt insurance which has been recorded as a deferred outflow of resources to be amortized over the life of the bonds.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2025, is as follows:

| Description                             | Beginning<br>Balance | Additions/<br>Adjustments | Amoritzaiton        | Ending Balance       |
|---|----------------------|---------------------------|---------------------|----------------------|
| <u><i>Governmental Activities:</i></u>  |                      |                           |                     |                      |
| Refunding Losses                        | \$ 701,514           | \$ -                      | \$ 51,362           | \$ 650,152           |
| Prepaid Debt Insurance                  | 434,489              | -                         | 14,439              | 420,050              |
| Pension Related                         |                      |                           |                     |                      |
| CalSTRS                                 | 17,259,124           | 1,569,322                 | 2,274,050           | 16,554,396           |
| CalPERS                                 | 6,813,560            | 485,722                   | 1,658,843           | 5,640,439            |
| OPEB Related                            | 1,232,912            | (30,373)                  | 304,368             | 898,171              |
| Total Governmental Activities           | <u>26,441,599</u>    | <u>2,024,671</u>          | <u>4,303,062</u>    | <u>24,163,208</u>    |
| <u><i>Business Type Activities:</i></u> |                      |                           |                     |                      |
| Pension Related                         |                      |                           |                     |                      |
| CalSTRS                                 | 191,612              | 10,537                    | 35,372              | 166,777              |
| CalPERS                                 | 890,475              | 149,391                   | 179,407             | 860,459              |
| OPEB Related                            | 475,479              | (486)                     | 52,596              | 422,397              |
| Total Business Type Activities          | <u>1,557,566</u>     | <u>159,442</u>            | <u>267,375</u>      | <u>1,449,633</u>     |
| Total Deferred Outflows of Resources    | <u>\$ 27,999,165</u> | <u>\$ 2,184,113</u>       | <u>\$ 4,570,437</u> | <u>\$ 25,612,841</u> |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

Future amortization of deferred outflows is as follows:

| Year Ended<br>June 30, | Governmental Activities |                      |                      |                   |                      |
|------------------------|-------------------------|----------------------|----------------------|-------------------|----------------------|
|                        | Refunding<br>Losses     | Prepaid<br>Insurance | Pension<br>Related   | OPEB<br>Related   | Total                |
| 2026                   | \$ 51,362               | \$ 14,835            | \$ 12,977,308        | \$ 246,652        | \$ 13,290,157        |
| 2027                   | 51,362                  | 15,174               | 3,887,656            | 246,652           | 4,200,844            |
| 2028                   | 51,362                  | 15,185               | 2,193,984            | 216,581           | 2,477,112            |
| 2029                   | 51,362                  | 10,505               | 1,338,612            | 28,561            | 1,429,040            |
| 2030                   | 51,362                  | 11,014               | 1,559,444            | 28,561            | 1,650,381            |
| Thereafter             | 393,342                 | 353,337              | 237,831              | 131,164           | 1,115,674            |
| Total                  | <u>\$ 650,152</u>       | <u>\$ 420,050</u>    | <u>\$ 22,194,835</u> | <u>\$ 898,171</u> | <u>\$ 24,163,208</u> |

| Year Ended<br>June 30, | Business Type Activities |                   |                     |
|------------------------|--------------------------|-------------------|---------------------|
|                        | Pension<br>Related       | OPEB<br>Related   | Total               |
| 2026                   | \$ 680,198               | \$ 52,596         | \$ 732,794          |
| 2027                   | 275,907                  | 50,161            | 326,068             |
| 2028                   | 59,563                   | 48,476            | 108,039             |
| 2029                   | (2,102)                  | 37,938            | 35,836              |
| 2030                   | 12,336                   | 37,938            | 50,274              |
| Thereafter             | 1,334                    | 195,288           | 196,622             |
| Total                  | <u>\$ 1,027,236</u>      | <u>\$ 422,397</u> | <u>\$ 1,449,633</u> |

### V. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB statement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

In accordance with GASB Statement No. 87 leases receivable are deferred and amortized straight line over the life of the lease as deferred inflows of resources.

# Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

A summary of the deferred inflows of resources as of June 30, 2025, is as follows:

| Description                         | Beginning Balance | Additons/<br>Adjustments | Amortization | Ending Balance |
|-------------------------------------|-------------------|--------------------------|--------------|----------------|
| <u>Governmental Activities:</u>     |                   |                          |              |                |
| Pension Related                     |                   |                          |              |                |
| CalSTRS                             | \$ 5,246,331      | 3,164,209                | \$ 3,208,912 | \$ 5,201,628   |
| CalPERS                             | 970,852           | 319,178                  | 595,478      | 694,552        |
| OPEB Related                        | 6,886,764         | 257,014                  | 931,574      | 6,212,204      |
| Deferred lease receivable           | 556,696           | -                        | 48,522       | 508,174        |
| Total Governmental Activities       | 13,660,643        | 3,740,401                | 4,784,486    | 12,616,558     |
| <u>Business Type Activities:</u>    |                   |                          |              |                |
| Pension Related                     |                   |                          |              |                |
| CalSTRS                             | 177,123           | 15,627                   | 73,999       | 118,751        |
| CalPERS                             | 1,066,591         | (362)                    | 797,716      | 268,513        |
| OPEB Related                        | 632,393           | 23,109                   | 125,821      | 529,681        |
| Total Business Type Activities      | 1,876,107         | 38,374                   | 997,536      | 916,945        |
| Total Deferred Inflows of Resources | \$ 15,536,750     | \$ 3,778,775             | \$ 5,782,022 | \$ 13,533,503  |

Future amortization of deferred inflows is as follows:

| Year Ended<br>June 30, | Governmental Activities |                 |                   |               |
|------------------------|-------------------------|-----------------|-------------------|---------------|
|                        | Pension<br>Related      | OPEB<br>Related | Deferred<br>Lease | Total         |
| 2026                   | \$ 4,480,711            | \$ 889,163      | \$ 48,522         | \$ 5,418,396  |
| 2027                   | (1,683,143)             | 945,639         | 48,522            | (688,982)     |
| 2028                   | 1,439,651               | 903,847         | 47,083            | 2,390,581     |
| 2029                   | 1,269,289               | 891,323         | 47,083            | 2,207,695     |
| 2030                   | 194,836                 | 754,889         | 47,083            | 996,808       |
| Thereafter             | 194,836                 | 1,827,343       | 269,881           | 2,292,060     |
| Total                  | \$ 5,896,180            | \$ 6,212,204    | \$ 508,174        | \$ 12,616,558 |

| Year Ended<br>June 30, | Business Type Activities |                 |            |
|------------------------|--------------------------|-----------------|------------|
|                        | Pension<br>Related       | OPEB<br>Related | Total      |
| 2026                   | \$ 320,684               | \$ 65,729       | \$ 386,413 |
| 2027                   | 36,346                   | 69,031          | 105,377    |
| 2028                   | 27,902                   | 66,687          | 94,589     |
| 2029                   | 2,332                    | 65,987          | 68,319     |
| 2030                   | -                        | 58,342          | 58,342     |
| Thereafter             | -                        | 203,905         | 203,905    |
| Total                  | \$ 387,264               | \$ 529,681      | \$ 916,945 |

## Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2025

### W. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

| Description   | Date Issued | Year Effective |
|---|-------------|----------------|
| GASB Statement No. 103 <i>Financial Reporting Model Improvements</i>                                      | Apr-24      | 2025-26        |
| GASB Statement No. 104 <i>Disclosure of Certain Capital Assets</i>  | Sep-24      | 2025-26        |
| GASB Implementation Guide No. 2025-1<br><i>Implementation Guidance Update 2025 (Except Question 4.16)</i> | Jun-25      | 2025-26        |

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

### X. Subsequent Event

The District has evaluated subsequent events through the date the financial statements were available to be issued. The following significant events occurred after June 30, 2025, and prior to the issuance of these financial statements:

1. **Personnel Actions and Employment Agreements:**

The Board appointed an interim Superintendent effective July 22, 2025, and subsequently ratified a new Superintendent employment agreement effective August 21, 2025. New employment agreements for Assistant Superintendents were also approved for the 2025-2026 school year.

2. **Contracts, Agreements, and Major Projects:**

The Board approved and ratified various agreements and amendments, including technology upgrades, modernization projects, and significant contracts. Notably, lease-leaseback agreements for the Ashley Falls and Carmel Del Mar School modernization projects were approved, representing significant fiscal commitments.

3. **Financial and Budgetary Actions:**

The Board approved adjustments in special tax rates and budgets for Community Facilities Districts for the 2025-2026 fiscal year.

The District has determined that these subsequent events do not require adjustment to the June 30, 2025, financial statements but are disclosed herein due to their significance.

Required Supplementary Information



# Del Mar Union School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2025

|   | Budgeted Amounts |               | Variance<br>Original to<br>Final Budget<br>Positive/<br>(Negative) | Actual        | Variance to<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|---------------|--|---------------|---|
|   | Original         | Final         |  |               |   |
| <b>Revenues</b>                         |                  |               |  |               |   |
| LCFF Sources                            |                  |               |  |               |   |
| State Apportionment                     | \$ 1,170,350     | \$ 1,170,350  | \$ -   | \$ 1,170,350  | \$ -  |
| Education Protection Account            | 7,242,884        | 724,674       | (6,518,210)  | 724,690       | 16  |
| Property Taxes                          | 57,229,519       | 64,462,915    | 7,233,396  | 64,809,224    | 346,309   |
| Federal Revenue                         | 1,010,921        | 1,317,592     | 306,671  | 1,163,652     | (153,940)   |
| Other State Revenue                     | 6,601,939        | 6,945,148     | 343,209  | 7,432,087     | 486,939   |
| Investment Income                       | 278,070          | 900,626       | 622,556  | 1,287,906     | 387,280   |
| Other Local Revenue                     | 4,568,205        | 4,817,692     | 249,487  | 5,127,183     | 309,491   |
| Total Revenues                          | 78,101,888       | 80,338,997    | 2,237,109  | 81,715,092    | 1,376,095   |
| <b>Expenditures</b>                     |                  |               |  |               |   |
| Current Expenditures:                   |                  |               |  |               |   |
| Certificated Salaries                   | 35,007,448       | 36,202,788    | (1,195,340)  | 35,891,744    | 311,044   |
| Classified Salaries                     | 10,753,133       | 11,043,820    | (290,687)  | 11,184,965    | (141,145)   |
| Employee Benefits                       | 19,430,401       | 20,382,940    | (952,539)  | 19,832,670    | 550,270   |
| Books and Supplies                      | 3,149,868        | 3,374,953     | (225,085)  | 2,064,813     | 1,310,140   |
| Services and Other Operating            | 9,048,335        | 10,266,393    | (1,218,058)  | 9,593,136     | 673,257   |
| Other Outgo                             | -                | 64,386        | (64,386)   | 101,367       | (36,981)  |
| Capital Outlay                          | 50,000           | 119,482       | (69,482)   | 94,104        | 25,378  |
| Debt Service                            |                  |               | -  |               |   |
| Principal                               | 520,000          | 520,000       | -  | 585,792       | (65,792)  |
| Interest                                | -                | -             | -  | 160           | (160)   |
| Total Expenditures                      | 77,959,185       | 81,974,762    | (4,015,577)  | 79,348,751    | 2,626,011   |
| <b>Net Change in Fund Balance</b>       | 142,703          | (1,635,765)   | (1,778,468)  | 2,366,341     | 4,002,106   |
| <b>Fund Balance - Beginning of Year</b> | 21,508,351       | 21,508,351    | -  | 21,508,351    | -   |
| <b>Fund Balance - End of Year</b>       | \$ 21,651,054    | \$ 19,872,586 | \$ (1,778,468)   | \$ 23,874,692 | \$ 4,002,106  |

## Del Mar Union School District

### Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years

|  | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2025                 | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 |
| District's proportion of the net pension liability (asset)   | 0.054910%            | 0.056637%            | 0.048103%            | 0.056184%            | 0.053065%            | 0.052700%            | 0.053884%            | 0.052982%            | 0.051201%            | 0.054155%            |
| District's proportionate share of the net pension liability (asset)  | \$ 36,878,823        | \$ 43,135,143        | \$ 33,424,711        | \$ 25,567,772        | \$ 51,424,787        | \$ 47,597,365        | \$ 49,523,165        | \$ 48,997,884        | \$ 41,411,776        | \$ 36,459,211        |
| State's proportionate share of the net pension liability (asset) associated with the District              | 16,847,664           | 20,673,824           | 20,325,960           | 18,905,061           | 34,479,629           | 27,669,694           | 28,636,508           | 28,636,508           | 25,447,653           | 19,718,501           |
| Total  | <u>\$ 53,726,487</u> | <u>\$ 63,808,967</u> | <u>\$ 53,750,671</u> | <u>\$ 44,472,833</u> | <u>\$ 85,904,416</u> | <u>\$ 75,267,059</u> | <u>\$ 78,159,673</u> | <u>\$ 77,634,392</u> | <u>\$ 66,859,429</u> | <u>\$ 56,177,712</u> |
| District's covered payroll*  | 36,069,586           | 34,052,393           | 30,707,926           | 33,011,437           | 32,666,930           | 28,318,219           | 28,385,842           | 27,803,148           | 25,125,079           | 24,745,763           |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 102.24%              | 126.67%              | 108.85%              | 77.45%               | 157.42%              | 168.08%              | 174.46%              | 176.23%              | 164.82%              | 147.34%              |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 83.55%               | 81.20%               | 81.20%               | 79.33%               | 71.82%               | 72.56%               | 70.99%               | 69.46%               | 70.04%               | 74.02%               |

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

## Del Mar Union School District

### Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years

|  | Fiscal Year        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2025               | 2024               | 2023               | 2022               | 2021               | 2020               | 2019               | 2018               | 2017               | 2016               |
| Contractually required contribution                                  | \$ 6,891,491       | \$ 6,889,291       | \$ 6,504,007       | \$ 5,180,735       | \$ 5,331,347       | \$ 5,586,045       | \$ 4,610,206       | \$ 4,129,320       | \$ 3,524,138       | \$ 2,729,535       |
| Contributions in relation to the contractually required contribution | <u>(6,891,491)</u> | <u>(6,889,291)</u> | <u>(6,504,007)</u> | <u>(5,180,735)</u> | <u>(5,331,347)</u> | <u>(5,586,045)</u> | <u>(4,610,206)</u> | <u>(4,129,320)</u> | <u>(3,524,138)</u> | <u>(2,729,535)</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*  | \$ 36,081,105      | \$ 36,069,586      | \$ 34,052,393      | \$ 33,011,437      | \$ 33,011,437      | \$ 32,666,930      | \$ 28,318,219      | \$ 28,385,842      | \$ 27,803,148      | \$ 25,125,079      |
| Contributions as a percentage of covered payroll                     | 19.10%             | 19.10%             | 19.10%             | 15.69%             | 16.15%             | 17.10%             | 16.28%             | 14.55%             | 12.68%             | 10.86%             |

\*Covered payroll on this schedule is based on the fiscal year.

## Del Mar Union School District

### Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years

|  | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2025          | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          |
| District's proportion of the net pension liability (asset)   | 0.0576%       | 0.0584%       | 0.0576%       | 0.0690%       | 0.0715%       | 0.0687%       | 0.0704%       | 0.0701%       | 0.0731%       | 0.0697%       |
| District's proportionate share of the net pension liability (asset)  | \$ 20,600,919 | \$ 21,128,569 | \$ 19,825,483 | \$ 14,037,062 | \$ 21,931,342 | \$ 20,013,358 | \$ 18,762,857 | \$ 16,740,449 | \$ 14,430,024 | \$ 10,273,359 |
| District's covered payroll*  | \$ 11,369,445 | \$ 10,104,123 | \$ 7,755,120  | \$ 8,186,290  | \$ 7,603,930  | \$ 7,156,799  | \$ 9,382,821  | \$ 9,006,444  | \$ 8,847,708  | \$ 7,750,726  |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 181.20%       | 209.11%       | 255.64%       | 171.47%       | 288.42%       | 279.64%       | 199.97%       | 185.87%       | 163.09%       | 132.55%       |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 72.29%        | 69.69%        | 69.76%        | 80.97%        | 70.00%        | 70.05%        | 70.85%        | 71.87%        | 73.90%        | 79.43%        |

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Del Mar Union School District

## Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years

|  | Fiscal Year   |               |               |              |              |              |              |              |              |              |
|--|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2025          | 2024          | 2023          | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         |
| Contractually required contribution                                  | \$ 3,323,904  | \$ 3,033,368  | \$ 2,563,416  | \$ 1,781,280 | \$ 1,694,562 | \$ 1,499,571 | \$ 1,292,661 | \$ 1,172,352 | \$ 988,879   | \$ 795,099   |
| Contributions in relation to the contractually required contribution | (3,323,904)   | (3,033,368)   | (2,563,416)   | (1,781,280)  | (1,694,562)  | (1,499,571)  | (1,292,661)  | (1,172,352)  | (988,879)    | (795,099)    |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll*  | \$ 12,288,000 | \$ 11,369,445 | \$ 10,104,123 | \$ 7,775,120 | \$ 8,186,290 | \$ 7,603,930 | \$ 7,156,799 | \$ 9,382,821 | \$ 9,006,444 | \$ 8,847,708 |
| Contributions as a percentage of covered payroll                     | 27.050%       | 26.680%       | 25.370%       | 22.910%      | 20.700%      | 19.721%      | 18.062%      | 12.495%      | 10.980%      | 8.986%       |

\*Covered payroll on this schedule is based on the fiscal year.

## Del Mar Union School District

### Schedule of Changes in the District's Net OPEB Liability and Related Ratios – DMUSD Retiree Health Benefit Plan Last Ten Fiscal Years\*

|   | Fiscal Year          |                      |                     |                     |                      |                      |                      |                      |            |            |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|------------|------------|
|   | 2025                 | 2024                 | 2023                | 2022                | 2021                 | 2020                 | 2019                 | 2018                 | 2017       | 2016       |
| Total OPEB liability:   |                      |                      |                     |                     |                      |                      |                      |                      |            |            |
| Service cost  | \$ 404,596           | \$ 420,212           | \$ 437,368          | \$ 1,048,674        | \$ 958,817           | \$ 779,577           | \$ 750,495           | \$ 701,951           | N/A        | N/A        |
| Interest  | 666,483              | 599,842              | 607,356             | 419,508             | 427,942              | 430,732              | 433,844              | 368,638              | N/A        | N/A        |
| Changes of benefit terms  | -                    | -                    | -                   | -                   | -                    | -                    | -                    | -                    | N/A        | N/A        |
| Experience differences  | (121,232)            | -                    | (613,663)           | 119,025             | (1,087,796)          | 866,973              | (410,554)            | -                    | N/A        | N/A        |
| Changes of assumptions  | (87,968)             | (300,115)            | (92,983)            | (7,179,185)         | (25,779)             | 920,121              | 285,723              | -                    | N/A        | N/A        |
| Benefit payments  | (238,582)            | (188,315)            | (325,985)           | (241,377)           | (333,380)            | (237,845)            | (198,030)            | (147,494)            | N/A        | N/A        |
| Net change in total OPEB liability                                  | 623,297              | 531,624              | 12,093              | (5,833,355)         | (60,196)             | 2,759,558            | 861,478              | 923,095              | N/A        | N/A        |
| Total OPEB liability - beginning                                    | 10,379,832           | 9,848,208            | 9,836,115           | 15,669,470          | 15,729,666           | 12,970,108           | 12,108,630           | 11,185,535           | N/A        | N/A        |
| Total OPEB liability - ending                                       | <u>\$ 11,003,129</u> | <u>\$ 10,379,832</u> | <u>\$ 9,848,208</u> | <u>\$ 9,836,115</u> | <u>\$ 15,669,470</u> | <u>\$ 15,729,666</u> | <u>\$ 12,970,108</u> | <u>\$ 12,108,630</u> | <u>N/A</u> | <u>N/A</u> |
| Plan fiduciary net position:  |                      |                      |                     |                     |                      |                      |                      |                      |            |            |
| Contributions - employer  | \$ 338,582           | \$ 288,315           | \$ 425,985          | \$ 341,377          | \$ 433,380           | \$ 837,845           | \$ 698,030           | \$ -                 | N/A        | N/A        |
| Contributions - employee  | -                    | -                    | -                   | -                   | -                    | -                    | -                    | -                    | N/A        | N/A        |
| Net investment income   | 231,655              | 177,357              | 91,017              | (201,761)           | 304,926              | 8,804                | -                    | -                    | N/A        | N/A        |
| Benefit payments  | (238,582)            | (188,315)            | (325,985)           | (241,377)           | (333,380)            | (237,845)            | (198,030)            | -                    | N/A        | N/A        |
| Administrative expenses   | (1,460)              | (1,406)              | (1,218)             | (1,272)             | (1,080)              | (591)                | -                    | -                    | N/A        | N/A        |
| Other expenses  | -                    | -                    | -                   | -                   | -                    | -                    | -                    | -                    | N/A        | N/A        |
| Net change in plan fiduciary net position                           | 330,195              | 275,951              | 189,799             | (103,033)           | 403,846              | 608,213              | 500,000              | -                    | N/A        | N/A        |
| Plan fiduciary net position - beginning                             | 1,874,776            | 1,598,825            | 1,409,026           | 1,512,059           | 1,108,213            | 500,000              | -                    | -                    | N/A        | N/A        |
| Plan fiduciary net position - ending                                | <u>\$ 2,204,971</u>  | <u>\$ 1,874,776</u>  | <u>\$ 1,598,825</u> | <u>\$ 1,409,026</u> | <u>\$ 1,512,059</u>  | <u>\$ 1,108,213</u>  | <u>\$ 500,000</u>    | <u>\$ -</u>          | <u>N/A</u> | <u>N/A</u> |
| Net OPEB liability  | <u>\$ 8,798,158</u>  | <u>\$ 8,505,056</u>  | <u>\$ 8,249,383</u> | <u>\$ 8,427,089</u> | <u>\$ 14,157,411</u> | <u>\$ 14,621,453</u> | <u>\$ 12,470,108</u> | <u>\$ 12,108,630</u> | <u>N/A</u> | <u>N/A</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 20.04%               | 18.06%               | 16.23%              | 14.33%              | 9.65%                | 7.05%                | 3.86%                | 0.00%                | N/A        | N/A        |
| Covered payroll   | 48,369,105           | 47,439,031           | 44,156,516          | 43,219,434          | 36,473,748           | 35,411,406           | 31,724,000           | 31,724,000           | N/A        | N/A        |
| Net OPEB liability as a percentage of covered payroll               | 18.19%               | 17.93%               | 18.68%              | 19.50%              | 38.82%               | 41.29%               | 39.31%               | 38.17%               | N/A        | N/A        |

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

## Del Mar Union School District

### Schedule of District Contributions – DMUSD Retiree Health Benefit Plan

Last Ten Fiscal Years\*

|  | Fiscal Year         |                     |                     |                     |                   |                     |                     |                     |            |            |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|------------|------------|
|  | 2025                | 2024                | 2023                | 2022                | 2021              | 2020                | 2019                | 2018                | 2017       | 2016       |
| Actuarial determined contributions (ADC)**       | \$ -                | \$ -                | \$ -                | \$ 1,362,107        | \$ 1,176,253      | \$ -                | \$ -                | \$ -                | N/A        | N/A        |
| Contributions in relation to the ADC             | (338,582)           | (288,315)           | (425,985)           | (341,377)           | (433,380)         | (837,845)           | (198,030)           | (147,494)           | N/A        | N/A        |
| Contribution deficiency (excess)                 | <u>\$ (338,582)</u> | <u>\$ (288,315)</u> | <u>\$ (425,985)</u> | <u>\$ 1,020,730</u> | <u>\$ 742,873</u> | <u>\$ (837,845)</u> | <u>\$ (198,030)</u> | <u>\$ (147,494)</u> | <u>N/A</u> | <u>N/A</u> |
| District's covered payroll                       | 48,369,105          | 47,439,031          | 44,156,516          | 43,219,434          | 36,473,748        | 35,411,406          | 31,724,000          | 31,724,000          | N/A        | N/A        |
| Contributions as a percentage of covered payroll | 0.700%              | 0.608%              | 0.965%              | 0.790%              | 1.188%            | 2.366%              | 0.624%              | 0.465%              | N/A        | N/A        |

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*The District obtained ADC for fiscal years ended June 30, 2020 and June 30, 2021 but did not obtain ADC for other years presented.

## Del Mar Union School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2025

### A. Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other than Capital Outlay (Fund 17) was included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

|   |                      |
|---|----------------------|
| General Fund - Basic Financial Statements Ending Fund Balance           | \$ 26,159,574        |
| Less Fund 17 Fund Balance   | <u>(2,284,882)</u>   |
| General Fund - Budgetary Comparison Schedule Ending Fund Balance        | <u>\$ 23,874,692</u> |
| General Fund - Basic Financial Statements Net Change in Fund Balance    | \$ 2,505,432         |
| Less Fund 17 Net Change in Fund Balance                                 | <u>(139,091)</u>     |
| General Fund - Budgetary Comparison Schedule Net Change in Fund Balance | <u>\$ 2,366,341</u>  |

### B. Excess of Expenditures Over Appropriations

As of June 30, 2025, the District's expenditures which exceeded appropriations in the following categories:

| <u>Appropriations Category</u> | <u>Excess Expenditures</u> | <u>Reason for Excess Expenditures</u>   |
|--------------------------------|----------------------------|---|
| <b>General Fund:</b>           |                            |   |
| Classified Salaries            | \$ 141,145                 | The District underestimated costs for classified salaries.  |
| Other Outgo                    | 36,981                     | The District underestimated the costs of transfers of services to county offices of education.    |
| Debt Service                   | 65,952                     | The District budgeted for lease and SBITA payments in services and other instead of debt service. |

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.



## Del Mar Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

### C. Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies performed by CalSTRS.

### D. Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

| Reporting Period                         | June 30, 2016    | June 30, 2017    | June 30, 2018    | June 30, 2019    | June 30, 2020    |
|--|------------------|------------------|------------------|------------------|------------------|
| Measurement Date                         | 6/30/2015        | 6/30/2016        | 6/30/2017        | 6/30/2018        | 6/30/2019        |
| Valuation Date                           | 6/30/2014        | 6/30/2015        | 6/30/2016        | 6/30/2017        | 6/30/2018        |
| Experience Study                         | 2006 - 2010      | 2006 - 2010      | 2010 - 2015      | 2010 - 2015      | 2010 - 2015      |
| Actuarial Cost Method                    | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return <sup>(1)</sup> | 7.60%            | 7.60%            | 7.10%            | 7.10%            | 7.10%            |
| Consumer Price Inflation                 | 3.00%            | 3.00%            | 2.75%            | 2.75%            | 2.75%            |
| Wage Growth (Average)                    | 3.75%            | 3.75%            | 3.50%            | 3.50%            | 3.50%            |
| Post-Retirement Benefit Increases        | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     |

| Reporting Period                         | June 30, 2021    | June 30, 2022    | June 30, 2023    | June 30, 2024    | June 30, 2025    |
|--|------------------|------------------|------------------|------------------|------------------|
| Measurement Date                         | 6/30/2020        | 6/30/2021        | 6/30/2022        | 6/30/2023        | 6/30/2024        |
| Valuation Date                           | 6/30/2019        | 6/30/2020        | 6/30/2021        | 6/30/2022        | 6/30/2023        |
| Experience Study                         | 2010 - 2015      | 2015 - 2018      | 2015 - 2018      | 2015 - 2018      | 2007 - 2022      |
| Actuarial Cost Method                    | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return <sup>(1)</sup> | 7.10%            | 7.10%            | 7.10%            | 7.10%            | 7.10%            |
| Consumer Price Inflation                 | 2.75%            | 2.75%            | 2.75%            | 2.75%            | 2.75%            |
| Wage Growth (Average)                    | 3.50%            | 3.50%            | 3.50%            | 3.50%            | 3.50%            |
| Post-Retirement Benefit Increases        | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     |

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## Del Mar Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

### E. Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalPERS Plan changed due to actuarial experience studies performed by CalPERS.

### F. Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

| Reporting Period                         | June 30, 2016    | June 30, 2017    | June 30, 2018    | June 30, 2019    | June 30, 2020    |
|--|------------------|------------------|------------------|------------------|------------------|
| Measurement Date                         | 6/30/2015        | 6/30/2016        | 6/30/2017        | 6/30/2018        | 6/30/2019        |
| Valuation Date                           | 6/30/2014        | 6/30/2015        | 6/30/2016        | 6/30/2017        | 6/30/2018        |
| Experience Study                         | 1997 - 2011      | 1997 - 2011      | 1997 - 2011      | 1997 - 2015      | 1997 - 2015      |
| Actuarial Cost Method                    | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return <sup>(1)</sup> | 7.65%            | 7.65%            | 7.15%            | 7.15%            | 7.15%            |
| Consumer Price Inflation                 | 2.75%            | 2.75%            | 2.75%            | 2.50%            | 2.50%            |
| Wage Growth (Average)                    | 3.00%            | 3.00%            | 3.00%            | 3.00%            | 3.00%            |
| Post-Retirement Benefit Increases        | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     |
| Reporting Period                         | June 30, 2021    | June 30, 2022    | June 30, 2023    | June 30, 2024    | June 30, 2025    |
| Measurement Date                         | 6/30/2020        | 6/30/2021        | 6/30/2022        | 6/30/2023        | 6/30/2024        |
| Valuation Date                           | 6/30/2019        | 6/30/2020        | 6/30/2021        | 6/30/2022        | 6/30/2023        |
| Experience Study                         | 1997 - 2015      | 1997 - 2015      | 2000 - 2019      | 2000 - 2019      | 2000 - 2019      |
| Actuarial Cost Method                    | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return <sup>(1)</sup> | 7.15%            | 7.15%            | 6.90%            | 6.90%            | 6.90%            |
| Consumer Price Inflation                 | 2.50%            | 2.50%            | 2.50%            | 2.50%            | 2.30%            |
| Wage Growth (Average)                    | 2.75%            | 2.75%            | 2.75%            | 2.75%            | Varies by Age    |
| Post-Retirement Benefit Increases        | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00% Simple     | 2.00 - 2.30%     |

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

## Del Mar Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

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### G. Schedule of Changes in the District's Net OPEB Liability and Related Ratios

- 1) Benefit Changes: The District made changes to benefit terms consistent with bargaining agreements.
- 2) Changes in Assumptions: Assumptions were updated based on changes in the discount rate and updated experience studies provided by CalSTRS and CalPERS.
- 3) The following are the discount rates used for each period:

| <u>Year</u> | <u>Discount Rate</u> |
|-------------|----------------------|
| 2018        | 3.40%                |
| 2019        | 3.16%                |
| 2020        | 2.59%                |
| 2021        | 2.61%                |
| 2022        | 6.14%                |
| 2023        | 6.02%                |
| 2024        | 6.37%                |
| 2025        | 6.48%                |

Additional information can be obtained by requesting a copy of the OPEB Valuation from the District.

### H. Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis plus an amount determined by the board based on budgetary considerations through the OPEB Trust administered by CalPERS.

Combining Statements as Supplementary Information

## Del Mar Union School District

### Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2025

|                                     | Special Revenue Funds |                           | Capital Projects Funds  |                               |   | Debt Service Fund                 | Total Nonmajor Governmental Funds |
|-------------------------------------|-----------------------|---------------------------|-------------------------|-------------------------------|---|-----------------------------------|-----------------------------------|
|                                     | Cafeteria Fund        | Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay | Bond Interest and Redemption Fund |                                   |
| <b>Assets</b>                       |                       |                           |                         |                               |   |                                   |                                   |
| Cash and Cash Equivalents           | \$ 307,628            | \$ 3,384,121              | \$ 2,321,105            | \$ 487                        | \$ 7,922,586                            | \$ 5,872,380                      | \$ 19,808,307                     |
| Accounts Receivable                 | 245,360               | 43,252                    | 37,684                  | 7                             | 111,450                                 | -                                 | 437,753                           |
| Due from Other Funds                | 1,843                 | -                         | -                       | -                             | -                                       | -                                 | 1,843                             |
| Inventory                           | 56,830                | -                         | -                       | -                             | -                                       | -                                 | 56,830                            |
| Total Assets                        | <u>\$ 611,661</u>     | <u>\$ 3,427,373</u>       | <u>\$ 2,358,789</u>     | <u>\$ 494</u>                 | <u>\$ 8,034,036</u>                     | <u>\$ 5,872,380</u>               | <u>\$ 20,304,733</u>              |
| <b>Liabilities and Fund Balance</b> |                       |                           |                         |                               |   |                                   |                                   |
| Liabilities:                        |                       |                           |                         |                               |   |                                   |                                   |
| Accounts Payable                    | \$ 33,490             | \$ -                      | \$ 8,228                | \$ -                          | \$ -                                    | \$ -                              | \$ 41,718                         |
| Due to Other Funds                  | -                     | -                         | -                       | -                             | -                                       | -                                 | -                                 |
| Unearned Revenue                    | 42,103                | -                         | -                       | -                             | -                                       | -                                 | 42,103                            |
| Total Liabilities                   | <u>75,593</u>         | <u>-</u>                  | <u>8,228</u>            | <u>-</u>                      | <u>-</u>                                | <u>-</u>                          | <u>83,821</u>                     |
| Fund Balance:                       |                       |                           |                         |                               |   |                                   |                                   |
| Nonspendable Fund Balances          | 56,830                | -                         | -                       | -                             | -                                       | -                                 | 56,830                            |
| Restricted Fund Balances            | 479,238               | -                         | 2,350,561               | 494                           | -                                       | 5,872,380                         | 8,702,673                         |
| Committed Fund Balances             | -                     | 3,427,373                 | -                       | -                             | -                                       | -                                 | 3,427,373                         |
| Assigned Fund Balances              | -                     | -                         | -                       | -                             | 8,034,036                               | -                                 | 8,034,036                         |
| Total Fund Balance                  | <u>536,068</u>        | <u>3,427,373</u>          | <u>2,350,561</u>        | <u>494</u>                    | <u>8,034,036</u>                        | <u>5,872,380</u>                  | <u>20,220,912</u>                 |
| Total Liabilities and Fund Balance  | <u>\$ 611,661</u>     | <u>\$ 3,427,373</u>       | <u>\$ 2,358,789</u>     | <u>\$ 494</u>                 | <u>\$ 8,034,036</u>                     | <u>\$ 5,872,380</u>               | <u>\$ 20,304,733</u>              |

# Del Mar Union School District

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

June 30, 2025

|  | Special Revenue Funds |                           | Capital Projects Funds  |                               |   | Debt Service Fund                 | Total Nonmajor Governmental Funds |
|--|-----------------------|---------------------------|-------------------------|-------------------------------|---|-----------------------------------|-----------------------------------|
|  | Cafeteria Fund        | Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay | Bond Interest and Redemption Fund |                                   |
| <b>Revenues</b>  |                       |                           |                         |                               |   |                                   |                                   |
| Local Property Taxes   | \$ -                  | \$ 324,244                | \$ -                    | \$ -                          | \$ -                                    | \$ 6,401,202                      | \$ 6,725,446                      |
| Federal Revenue  | 535,867               | -                         | -                       | -                             | -                                       | -                                 | 535,867                           |
| Other State Revenue  | 1,751,408             | -                         | -                       | -                             | -                                       | -                                 | 1,751,408                         |
| Interest & Investment Income/(Loss)                              | 23,919                | 144,190                   | 115,590                 | 25                            | 414,934                                 | 199,653                           | 898,311                           |
| Other Local Revenue  | 109,406               | -                         | 144,903                 | -                             | -                                       | -                                 | 254,309                           |
| Total Revenues   | 2,420,600             | 468,434                   | 260,493                 | 25                            | 414,934                                 | 6,600,855                         | 10,165,341                        |
| <b>Expenditures</b>  |                       |                           |                         |                               |   |                                   |                                   |
| Current Expenditures:  |                       |                           |                         |                               |   |                                   |                                   |
| Pupil Services   | 2,130,646             | -                         | -                       | -                             | -                                       | -                                 | 2,130,646                         |
| General Administration   | -                     | -                         | 5,499                   | -                             | -                                       | -                                 | 5,499                             |
| Plant Services   | 57,835                | -                         | -                       | -                             | 20,220                                  | -                                 | 78,055                            |
| Capital Outlay   | -                     | -                         | -                       | -                             | 8,301                                   | -                                 | 8,301                             |
| Debt Service:  |                       |                           |                         |                               |   |                                   |                                   |
| Principal  | -                     | -                         | -                       | -                             | -                                       | 2,415,000                         | 2,415,000                         |
| Interest   | -                     | -                         | -                       | -                             | -                                       | 4,237,188                         | 4,237,188                         |
| Total Expenditures   | 2,188,481             | -                         | 5,499                   | -                             | 28,521                                  | 6,652,188                         | 8,874,689                         |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | 232,119               | 468,434                   | 254,994                 | 25                            | 386,413                                 | (51,333)                          | 1,290,652                         |
| <b>Other Financing Sources (Uses):</b>                           |                       |                           |                         |                               |   |                                   |                                   |
| Proceeds from Sale of Bonds                                      | -                     | -                         | -                       | -                             | -                                       | 1,094,670                         | 1,094,670                         |
| Total Other Financing Sources (Uses)                             | -                     | -                         | -                       | -                             | -                                       | 1,094,670                         | 1,094,670                         |
| <b>Net Change in Fund Balance</b>                                | 232,119               | 468,434                   | 254,994                 | 25                            | 386,413                                 | 1,043,337                         | 2,385,322                         |
| <b>Fund Balance, Beginning of Year</b>                           | 303,949               | 2,958,939                 | 2,095,567               | 469                           | 7,647,623                               | 4,829,043                         | 17,835,590                        |
| <b>Fund Balance, End of Year</b>                                 | \$ 536,068            | \$ 3,427,373              | \$ 2,350,561            | \$ 494                        | \$ 8,034,036                            | \$ 5,872,380                      | \$ 20,220,912                     |

## Other Supplementary Information

## Del Mar Union School District

### Schedule of Average Daily Attendance Year Ended June 30, 2025

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|                                 | Second Period Report |         | Annual Report        |         |
|---------------------------------|----------------------|---------|----------------------|---------|
|                                 | Original<br>6BA9DA08 | Revised | Original<br>6AEFE208 | Revised |
| Grades K-3:                     |                      |         |                      |         |
| Regular ADA                     | 1,695.16             | N/A     | 1,701.76             | N/A     |
| Extended Year Special Education | 6.31                 | N/A     | 6.31                 | N/A     |
| Total Grades K-3                | 1,701.47             | N/A     | 1,708.07             | N/A     |
| Grades 4-6:                     |                      |         |                      |         |
| Regular ADA                     | 1,639.63             | N/A     | 1,638.23             | N/A     |
| Extended Year Special Education | 6.57                 | N/A     | 6.57                 | N/A     |
| Nonpublic, Nonsectarian Schools | 0.97                 | N/A     | 0.98                 | N/A     |
| Total Grades 4-6                | 1,647.17             | N/A     | 1,645.78             | N/A     |
| Total ADA                       | 3,348.64             | N/A     | 3,353.85             | N/A     |

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N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.



## Del Mar Union School District

### Schedule of Instructional Time

Year Ended June 30, 2025

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| Grade Level  | Annual<br>Minutes<br>Requirement | Actual<br>Minutes<br>Offered | J-13A<br>Minutes | Total Minutes | Number of<br>Actual Days<br>Offered<br>(Traditional) | J-13A<br>Days | Total<br>Instructional<br>Days | Status   |
|--------------|----------------------------------|------------------------------|------------------|---------------|--|---------------|--------------------------------|----------|
| Kindergarten | 36,000                           | 52,040                       | 0                | 52,040        | 180  | 0             | 180                            | Complied |
| 1st Grade    | 50,400                           | 54,570                       | 0                | 54,570        | 180  | 0             | 180                            | Complied |
| 2nd Grade    | 50,400                           | 54,570                       | 0                | 54,570        | 180  | 0             | 180                            | Complied |
| 3rd Grade    | 50,400                           | 54,570                       | 0                | 54,570        | 180  | 0             | 180                            | Complied |
| 4th Grade    | 54,000                           | 54,570                       | 0                | 54,570        | 180  | 0             | 180                            | Complied |
| 5th Grade    | 54,000                           | 54,570                       | 0                | 54,570        | 180  | 0             | 180                            | Complied |
| 6th Grade    | 54,000                           | 54,570                       | 0                | 54,570        | 180  | 0             | 180                            | Complied |

The District did not request a J-13A waiver of minutes or days during the 2024-25 fiscal year.

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten 36,000 minutes
- To pupils in grades 1 to 3 50,400 minutes
- To pupils in grades 4 to 8 54,000 minutes
- To pupils in grades 9 to 12 64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

- EC §46112: Grades 1 to 3 230 minutes
- EC §46113: Grades 4 to 8 240 minutes
- EC §46114: Kindergarten 180 minutes
- EC §46141: Grades 9 to 12 240 minutes

## Del Mar Union School District

### Schedule of Financial Trends and Analysis Year Ended June 30, 2025

| <u>General Fund</u>                                  | <u>Budget 2026<br/>(See Note 1)</u> | <u>2025</u>           | <u>2024<br/>(See Note 1)</u> | <u>2023<br/>(See Note 1)</u> |
|--|-------------------------------------|-----------------------|------------------------------|------------------------------|
| Revenues and Other Financing Sources                 | \$ 81,052,990                       | \$ 81,715,092         | \$ 76,605,096                | \$ 77,838,007                |
| Expenditures and Other Financing Uses                | <u>80,782,638</u>                   | <u>79,348,751</u>     | <u>78,478,438</u>            | <u>74,161,994</u>            |
| Net Change in Fund Balance                           | <u>270,352</u>                      | <u>2,366,341</u>      | <u>(1,873,342)</u>           | <u>3,676,013</u>             |
| Ending Fund Balance                                  | <u>\$ 24,145,044</u>                | <u>\$ 23,874,692</u>  | <u>\$ 21,508,351</u>         | <u>\$ 23,381,693</u>         |
| Available Reserves (See Note 2)                      | <u>\$ 20,067,935</u>                | <u>\$ 20,339,817</u>  | <u>\$ 17,033,904</u>         | <u>\$ 17,954,318</u>         |
| Available Reserves as a Percentage<br>of Total Outgo | <u>24.84%</u>                       | <u>25.63%</u>         | <u>21.71%</u>                | <u>24.21%</u>                |
| Long Term Debt (See Note 3)                          | <u>\$ 180,753,640</u>               | <u>\$ 185,556,820</u> | <u>\$ 161,783,482</u>        | <u>\$ 168,883,680</u>        |
| Average Daily Attendance at P2                       | <u>3,322</u>                        | <u>3,349</u>          | <u>3,502</u>                 | <u>3,649</u>                 |

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

The general fund balance has increased by \$492,999 (2.11%) over the past two years. The fiscal year 2024-25 budget projects an increase of \$270,352 (1.13%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$16,673,140 over the past two years.

Average daily attendance (ADA) has decreased by 300 over the past two years.

## **Del Mar Union School District**

### **Schedule of Financial Trends & Analysis, Continued**

**For the Year Ended June 30, 2025**

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#### **Notes:**

1. AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:
  - a) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
  - b) The supplementary information relates to the same period as the financial statements.
  - c) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
  - d) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the District.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

2. Available reserves consist of all unassigned fund balances contained within the general fund and amounts committed to stabilization of educational programs contained in the Special Reserve Fund for Other Than Capital Outlay.
3. Long term debt consists of general obligation bonds, special tax bonds, leases payable, and subscription liabilities.
4. GASB Statement No. 54 requires the inclusion of the Special Reserve Fund for Other Than Capital Outlay (Fund 17) with the General Fund for reporting purposes only. This schedule has been prepared without the inclusion of Fund 17.

## Del Mar Union School District

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2025

|   | General Fund<br>(Fund 01) | Special Reserve<br>Fund for Other<br>Than Capital<br>Outlay<br>(Fund 17) |
|---|---------------------------|--|
| June 30, 2025, annual financial and budget report fund balances | \$ 23,737,820             | \$ 2,284,882   |
| Adjustments and reclassifications:                              |                           |  |
| Increasing (decreasing) the fund balance:                       |                           |  |
| GASB 54 Fund Presentation                                       | 2,284,882                 | (2,284,882)  |
| Overstatement of Lease Receivable                               | (41,559)                  | -  |
| Overstatement of Unearned Revenue                               | 129,909                   | -  |
| Overstatement of Deferred Inflows of Resources                  | 48,522                    | -  |
| Net adjustments and reclassifications                           | 2,421,754                 | (2,284,882)  |
| June 30, 2025, audited financial statement fund balances        | \$ 26,159,574             | \$ -   |

|  | Child Care<br>Services<br>Enterprise Fund<br>(Fund 63) |
|--|--|
| June 30, 2025, annual financial and budget report net position | \$ 1,828,369   |
| Adjustments and reclassifications:                             |  |
| Increasing (decreasing) the net position:                      |  |
| Understatement of Accumulated Depreciation                     | (28,094)   |
| Overstatement of Deferred Outflows of Resources                | (107,933)  |
| Overstatement of Net Pension Liability                         | 39,822   |
| Understatement of Net OPEB Liability                           | (15,215)   |
| Understatement of Compensated Absences Payable                 | (28,828)   |
| Overstatement of Deferred Inflows of Resources                 | 959,161  |
| Net adjustments and reclassifications                          | 818,913  |
| June 30, 2025, audited financial statement net position        | \$ 2,647,282   |

Note 1: The Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not meet the definition of a special revenue fund under the provisions of GASB Statement No. 54. As a result, the fund is being combined with the General Fund for presentation in the basic financial statements.

Note 2: The General Fund contained audit adjustments voluntarily recorded by the District. These adjustments were individually and in the aggregate immaterial to the financial statements as a whole. The District believes that the posting of these adjustments enhances the accuracy and transparency of the financial statements.

Note 3: The Child Care Services Enterprise Fund contained audit adjustments that were material to the fund. See Finding 2025-001 for additional information.

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

## **Del Mar Union School District**

Schedule of Charter Schools

Year Ended June 30, 2025

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The Del Mar Union School District has not authorized any charter schools.

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

**Del Mar Union School District**

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

| Federal Grantor/Pass Through Grantor/<br>Program or Cluster Title | Federal<br>AL<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Subrecipient<br>Expenditures | Total Federal<br>Expenditures |
|---|-------------------------|---|------------------------------|-------------------------------|
| <b>CHILD NUTRITION CLUSTER:</b>                                   |                         |   |                              |                               |
| <u>U.S. Department of Agriculture</u>                             |                         |   |                              |                               |
| Passed through California Department of Education                 |                         |   |                              |                               |
| School Breakfast Program  | 10.553                  | 13525   | \$ -                         | \$ 68,726                     |
| National School Lunch Program                                     | 10.555                  | 13396   | -                            | 297,060                       |
| National School Lunch Program - Noncash Commodities               | 10.555                  | 13396   | -                            | 166,251                       |
| Local Food for Schools  | 10.555                  | 15708   | -                            | 3,830                         |
| Total Child Nutrition Cluster                                     |                         |   | -                            | 535,867                       |
| <b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>                          |                         |   |                              |                               |
| <u>U.S. Department of Education</u>                               |                         |   |                              |                               |
| Passed through California Department of Education                 |                         |   |                              |                               |
| IDEA Basic Local Assistance                                       | 84.027                  | 13379   | -                            | 582,900                       |
| IDEA Local Assistance, Private Schools                            | 84.027                  | 10115   | -                            | 20,085                        |
| IDEA Mental Health  | 84.027                  | 15197   | -                            | 44,278                        |
| IDEA Preschool Grants (Ages 3-5)                                  | 84.173                  | 13430   | -                            | 24,878                        |
| IDEA Preschool Grants, Private Schools                            | 84.173                  | 10116   | -                            | 335                           |
| IDEA Preschool Grants, Staff Development                          | 84.173                  | 13431   | -                            | 168                           |
| Total Special Education (IDEA) Cluster                            |                         |   | -                            | 672,644                       |
| <b>OTHER PROGRAMS:</b>  |                         |   |                              |                               |
| <u>U.S. Department of Education</u>                               |                         |   |                              |                               |
| Passed through California Department of Education                 |                         |   |                              |                               |
| ESSA Title I Basic  | 84.010                  | 14329   | -                            | 264,639                       |
| ESSA Title I School Improvement                                   | 84.010                  | 15438   | -                            | 27,776                        |
| Subtotal ESSA Title I Program                                     |                         |   | -                            | 292,415                       |
| Title III English Learner Program                                 | 84.365                  | 14346   | -                            | 72,383                        |
| Title II Supporting Effective Instruction                         | 84.367                  | 14341   | -                            | 126,210                       |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                              |                         |   | \$ -                         | \$ 1,699,519                  |

## Del Mar Union School District

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

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#### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 8.26% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The District charged different indirect costs to the following programs due to budget or program constraints:

| Program                           | AL #           | Indirect<br>Cost Rate |
|-----------------------------------|----------------|-----------------------|
| IDEA Basic Local Assistance       | 84.027         | 8.21%                 |
| ESSA Title I School Improvement   | 84.010         | 2.00%                 |
| Title III English Learner Program | 84.365         | 6.87%                 |
| Child Nutrition Cluster           | 10.553, 10.555 | 0.00%                 |

#### Schoolwide Programs

The District does not operate a school-wide program at any school site.

## Other Information



## Del Mar Union School District

### Local Education Agency Organization Structure

June 30, 2025

The Del Mar Union School District was established in 1906 and became a Union District in 1949. There were no changes in the boundaries of the district during the current fiscal year. The district is currently operating eight elementary schools.

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#### GOVERNING BOARD

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| <u>Name</u>           | <u>Office</u> | <u>Term and Term Expiration</u>         |
|-----------------------|---------------|---|
| Gee Wah Mok, Esq.     | President     | Four Year Term<br>Expires December 2028 |
| Alan Kholos           | Clerk         | Two Year Term<br>Expires December 2026  |
| Katherine Fitzpatrick | Member        | Four Year Term<br>Expires December 2026 |
| Doug Rafner, Esq.     | Member        | Four Year Term<br>Expires December 2026 |
| Bill Porter, Ed.D.    | Member        | Four Year Term<br>Expires December 2028 |

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#### ADMINISTRATION

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Holly McClurg, Ph.D.  
Superintendent

Alison Fieberg  
Assistant Superintendent  
Instructional Services

Ryan Stanley  
Assistant Superintendent  
Human Resources

Christopher Delehanty  
Assistant Superintendent  
Business Services

## Other Independent Auditors' Reports

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

To the Board of Education  
Del Mar Union School District

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, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Del Mar Union School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2026.

**Report on Internal Control over Financial Reporting**

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

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

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

We identified certain deficiencies in internal control that we consider to be significant deficiencies, described in the accompanying schedule of findings and questioned costs as item 2025-001.

**Report on Compliance and Other Matters**

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

## **District's Response to Findings**

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

## **Purpose of this Report**

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

William H. Kelly, CPA

El Cajon, California  
January 16, 2026

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

To the Board of Education  
Del Mar Union School District

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

**Opinion on Each Major Federal Program**

We have audited the Del Mar Union School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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

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

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

**Responsibilities of Management for Compliance**

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

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

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*William H. Kelly & Co. LLP*

El Cajon, California  
January 16, 2026

Independent Auditor's Report on State Compliance and on  
Internal Control Over State Compliance

To the Board of Education  
Del Mar Union School District

**Report on Compliance for Applicable State Programs**

**Opinion on Each Applicable State Program**

We have audited the Del Mar Union School District's (the District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2025.

**Basis for Opinion on Each Applicable State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 applicable state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.



The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each applicable state program as a whole.

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

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

|   |   | Procedures<br>Performed |
|---|---|-------------------------|
| <b><u>Local Education Agencies Other than Charter Schools</u></b> |   |                         |
| A.  | Attendance.....   | Yes                     |
| B.  | Teacher Certification and Misassignments.....             | Yes                     |
| C.  | (Reserved).....   | N/A                     |
| D.  | Independent Study.....                                    | N/A                     |
| E.  | Continuation Education.....                               | N/A                     |
| 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                     |
| K.  | Gann Limit Calculation.....                               | Yes                     |
| L.  | School Accountability Report Card.....                    | Yes                     |
| M.  | Juvenile Court Schools.....                               | N/A                     |
| N.  | Middle or Early College High Schools.....                 | N/A                     |
| O.  | K-3 Grade Span Adjustment.....                            | Yes                     |
| P.  | (Reserved).....   | N/A                     |
| Q.  | Apprenticeship: Related and Supplemental Instruction..... | N/A                     |
| R.  | Comprehensive School Safety Plan.....                     | Yes                     |
| S.  | District of Choice.....                                   | N/A                     |
| TT.   | Home to School Transportation Reimbursement.....          | Yes                     |

| <b>School Districts, County Offices of Education, and Charter Schools</b> |   | <b>Procedures<br/>Performed</b> |
|---|---|---------------------------------|
| T.  | Proposition 28 Arts & Music in Schools.....                   | Yes                             |
| U.  | After/Before School Education and Safety Program.....         | N/A                             |
| 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                             |
| Z.  | Immunizations.....  | No                              |
| AZ.   | Educator Effectiveness.....                                   | Yes                             |
| BZ.   | Expanded Learning Opportunities Grant (ELO-G).....            | Yes                             |
| CZ.   | Career Technical Education Incentive Grant.....               | N/A                             |
| DZ.   | Expanded Learning Opportunities Program (ELO-P).....          | Yes                             |
| EZ.   | Transitional Kindergarten.....                                | Yes                             |
| FZ.   | Kindergarten Continuance.....                                 | Yes                             |

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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 State Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention 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 state compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over state compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

William H. Kelly, CPA

El Cajon, California  
January 16, 2026

## Auditor's Results, Findings & Recommendations

# Del Mar Union School District

## Schedule of Auditor's Results

Year Ended June 30, 2025

### FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

One or more significant deficiencies identified that are  
not considered material weakness(es)?

  X   Yes    \_\_\_\_\_ No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

### FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

One or more significant deficiencies identified that are  
not considered material weakness(es)?

\_\_\_\_\_ Yes      X   No

Type of auditor's report issued on compliance for major programs:

Unmodified

Compliance supplement utilized for single audit

November 2025

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)   | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| 84.027, 84.173 | Special Education Cluster          |

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

**Del Mar Union School District**  
Schedule of Auditor’s Results  
Year Ended June 30, 2025

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**STATE AWARDS**

Type of auditor's report issued on compliance for state programs: Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified?            Yes       X       No

One or more significant deficiencies identified that are  
not considered material weakness(es)?            Yes       X       No

Any audit findings disclosed that are required to be reported  
in accordance with *2024-25 Guide for Annual Audits*  
*of California K-12 Local Education Agencies*?            Yes       X       No

## Del Mar Union School District

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

| Five Digit Code | AB 3627 Finding Type                                 |
|-----------------|--|
| 10000           | Attendance   |
| 20000           | Inventory of Equipment                               |
| 30000           | Internal Control                                     |
| 40000           | State Compliance                                     |
| 42000           | Charter School Facilities                            |
| 43000           | Apprenticeship: Related and Supplemental Instruction |
| 50000           | Federal Compliance                                   |
| 60000           | Miscellaneous  |
| 61000           | Classroom Teacher Salaries                           |
| 62000           | Local Control Accountability Plan                    |
| 70000           | Instructional Materials                              |
| 71000           | Teacher Misassignments                               |
| 72000           | School Accountability Report Card                    |

#### A. Financial Statement Findings

Finding Number: 2025-001  
Repeat Finding: No  
Description: Misstatements in Financial Statements  
Type of Finding: Internal Control – Significant Deficiency (30000)

##### Criteria or Specific Requirement

Generally accepted accounting principles (GAAP) require that all material transactions and balances be accurately recorded in the financial statements to ensure fair presentation in accordance with the applicable financial reporting framework.

##### Condition

In our review of the financial statements we noted material misstatements in the childcare services enterprise fund for entries relating to pension liability, OPEB liability, capital assets, and compensated absences. The net impact of the adjustments were an increase to net position of \$818,913 as detailed in the Reconciliation of the Annual Financial and Budget Report to the Audited Financial Statements found in the Other Supplementary Information section of this audit report.

##### Cause

Some of the information necessary to post the entries is reliant upon actuarial reports which were submitted to the District by the actuary after the District's closing deadline. Additionally, the year-end closing checklist was missing some items that require entry prior to close.

## Del Mar Union School District

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

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#### Effect

The childcare services enterprise fund required audit adjustments increasing the net position by \$818,913 to meet reporting requirements.

#### Recommendation

We recommend that management update and strengthen the closing checklist to ensure all entries are posted prior to closing deadlines. Additionally, we recommend that information reliant upon third parties be requested early to ensure it is received in time to post required entries.

#### Views of Responsible Officials

See Corrective Action Plan

### **B. Federal Award Findings**

None

### **C. State Award Findings**

None



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www.dmusd.org



**Superintendent**  
Marisa Janicek

**Board of Trustees**  
Alan Kholos, Esq., President  
Bill Porter, EdD, Clerk  
Katherine Fitzpatrick, Member  
Gee Wah Mok, Esq., Member  
Doug Rafner, Esq., Member

January 16, 2026

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Because there are no Prior Audit Findings, the district did not prepare a Summary Schedule of Prior Audit Findings.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ch. Delehanty", with a long horizontal flourish extending to the right.

Christopher Delehanty  
Assistant Superintendent, Business Services  
Del Mar Union School District

## Del Mar Union School District

### Corrective Action Plan

For the Year Ended June 30, 2025

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#### Financial Statement Finding

Finding Number: 2025-001  
Program Name: Misstatements in Financial Statements  
Contact Person: Sarah Smart, Director of Fiscal Services  
Anticipated Completion Date: June 30, 2026

Planned Corrective Action: The district will work with the Actuarial Firm to ensure the Liability Reports are finalized by July 31<sup>st</sup> of each year.

Due to the implementation of GASB 100 and GASB 101, the district has already updated its closing checklist to ensure the corresponding entries are recorded prior to submitting the Unaudited Actuals to the Board for approval.

The district will work with their external auditors to ensure timely and proper recording in the year-end district financial statements.

**Del Mar Union School District**  
Schedule of Prior Year Audit Findings  
Year Ended June 30, 2025

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| Finding/Recommendation   | Status | Explanation if Not Implemented |
|--|--------|--------------------------------|
| There were no audit findings reported for the fiscal year ended June 30, 2024. |        |                                |