REED UNION SCHOOL DISTRICT

FY 2023/24 Independent Auditor's Report

Fiscal Year Ending June 30, 2024

Summary of Report by Stephen Roatch Accountancy Corporation, CPA

Dated October 6, 2024

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Chief Business Official

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January 14, 2025

REED UNION SCHOOL DISTRICT

Subsequent Year Budget & LCAP

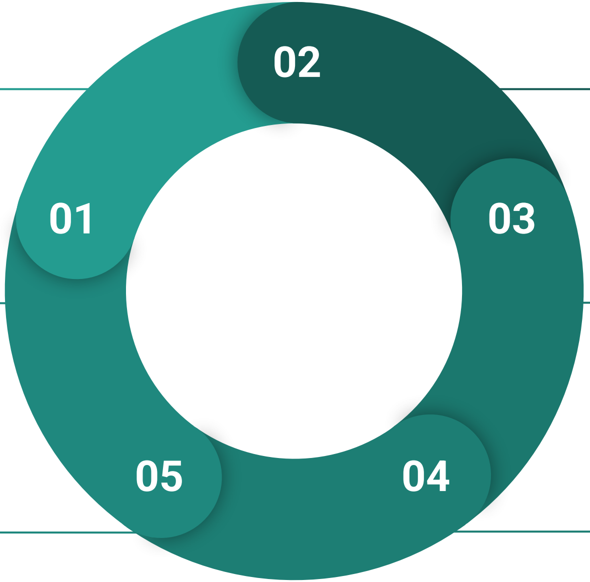
In June of the Prior Fiscal Year Districts Develop and Present the Budget for the Following Fiscal Year.

2nd Interim

In March of the Current Fiscal Year, Districts update Budget Assumptions (revenue and expenditures) and present those updates to the Board.

Audit

By January of the Current Fiscal Year, Districts will have completed its audit of the prior fiscal year. The audit report is presented to the Board by January. *<u>NOTE: This updates Beginning Fund Balances in the Current Fiscal Year.</u>*



45 Day Budget Revision

In August of the Current Fiscal Year, Districts have the option to update the Budget based on State Revenue Adjustments.

Prior Year Unaudited Actuals

In September of the Current Fiscal Year, Districts complete year end accounting for the Prior Fiscal Year. *<u>NOTE: This updates Beginning Fund Balances in the Current Fiscal Year.</u>*

1st Interim

In December of the Current Fiscal Year, Districts update Budget Assumptions (revenue and expenditures) and present those updates to the Board.

Audit Cycle:

- **December 13th:** Audit reports for the prior fiscal year are filed electronically with the COE, the CDE and the SCO. [EC 41020(h)]
- **January 31st:** The district governing board shall, at a public meeting pursuant to EC 35145, review their annual audit, including audit exceptions, recommendations, or findings of any management letter issued by the auditor, and any descriptions or corrective action plans. [EC 41020.3]
- **April 1st:** The Governing Board of each school district is required to either provide for an annual audit or arrange with the county superintendent to provide for the annual audit. Districts that elect to make their own audit arrangements must do so no later than April 1 of each fiscal year. [EC 41020(b)(3)]
- **May 15th:** The COE certifies to the Superintendent of Public Instruction (SPI) and the SCO that the annual district audits and the required audit exceptions were reviewed, and the districts have adequately corrected, or developed an acceptable plan of correction for the audit. [EC 41020(k)]

Financial Highlight:

“ The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4%. During fiscal year 2023-24, General Fund expenditures and other financing uses totaled $29,215,702. At June 30, 2024, the District had available reserves of $12,180,968 in the General Fund ...” *(page 5, Audit Report).*

Adverse Opinion on Discretely Presented Component Unit:

“ In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the District, as of June 30, 2024 or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.” *(page 1, Audit Report).*

- *NOTE: Foundation for Reed Schools Financials are not subject to the District’s Audit.*

REED UNION SCHOOL DISTRICT

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2023	Fund Balances June 30, 2024	Increase (Decrease)
General *	$ 13,193,953	$ 14,204,255	$ 1,010,302
Bond Interest & Redemption	3,173,878	3,124,010	(49,868)
Granada Lease	2,064,833	2,432,128	367,295
Cafeteria	6,684.00	137,225	130,541
Student Activity	28,645	35,437	6,792
Capital Facilities	650,653	113,656	(536,997)
Capital Projects - Special Reserve	665,518	697,879	32,361
Totals *	$ 19,784,164	$ 20,744,590	$ 960,426

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***** The District's FY 2024/25 1st Interim Report dated December 16, 2024 Included Audited Financials***

NOTE: Bond Interest and Redemption Fund, while Included in the Fund Balance is NOT accessible to District Operations.

1. Voters Approve a Bond Measure:

- When voters approve a school bond measure, it allows the school district to borrow funds. This money is used for improvements like building new schools, renovating existing ones, or upgrading technology.

2. The School District Receives Funds:

- The school district sells these bonds to investors. This means the District borrows the money and promise to pay it back with interest over time. These bonds are backed by the taxing authority of the School District. These funds are deposited into a Capital Projects Reserve Fund.

3. Property Taxes Increase:

- To repay the borrowed money (the "principal") and the interest, property taxes within the school district's boundaries are increased.

4. Bond Interest and Redemption Fund:

- A "Bond Interest and Redemption Fund" is created. Property taxes collected from homeowners within the district are deposited into this fund. Money from the fund is used to pay the principal and interest owed to the investors who bought the bonds.

FINDING: (2024-001 /30000)

SUBJECT: Meal Reimbursement Claim Reporting

- Meal counts reported for the month of May 2024 at Del Mar Middle School were incorrectly keyed into the combining spreadsheet as 144 instead of 1,114, resulting in an understatement of 970 paid meals.
- Reimbursement was thereby understated by $466 (Federal) and $4674 (State).
- The District contracts with School Food Solutions, which in turn administers the District's meal count reporting and reimbursement claims processing to the California Department of Education, Nutrition Services Division. The District concurs with the audit finding and will submit a revised claim for May 2024 as advised.

FINDING: (2024-002 /40000)

SUBJECT: Expanded Learning Opportunities Program

- District received mandatory apportionments in FY 2022/23 and FY2023/24. Total apportionments of $153,761, of which $89,188 was received in FY 2023/24.
- The District provides a robust after school tutoring and enrichment program in partnership with the Ranch. Intention was to utilize this funding to offset District costs. Audit determined that the existing program as structured does not meet the requirements of the ELO-P grant program.
- A payable in resource 2600 (ELO-P) has been booked in fiscal year 2024-25 to reflect the anticipated return of prior year funds to the CDE.
- The District is scheduled to engage in planning (with the Ranch) on operating a compliant program:
    - + 30 Non School Days
    - 9+ Hours per day
    - Ratio of 10:1 for TK/K, (and Ratio of 20:1 otherwise)

FINDING: (2024-003 /40000)

SUBJECT: Home to School Transportation Program

- In accordance with Education Code Section 39800.1, a local educational agency shall develop a plan describing the transportation services it will offer to its pupils. The plan shall be adopted by the local educational agencies governing board on or before April 1, 2023, and updated by April 1 each year thereafter.
- The Transportation Plan for fiscal year 2023-24 was not updated and approved by the governing board until May 14, 2024.
- The District's Board Meeting Schedule for the 2025 Calendar Year has been updated to include the Transportation Plan on the March 2025 Board Agenda.