

**SANTA BARBARA COUNTY SELPA  
JOINT POWERS AGENCY BOARD  
SPECIAL MEETING**

**Wednesday, December 18, 2024**

**Public Session – 10:30 a.m.**

**Santa Barbara County Education Office –  
Board Room  
4400 Cathedral Oaks Rd., Santa Barbara, CA 93110**

**Orcutt Union School District Office –  
Technology Center  
500 Dryer Street, Orcutt, CA 93455**

**Agenda**

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting or need this agenda provided in a disability-related alternative format, please contact the SBCSELPA Office at (805) 683-1424. Prompt notification will assist SBCSELPA to make suitable arrangements.*

**PUBLIC COMMENTS ARE WELCOME**

The Santa Barbara County SELPA JPA Board will receive public comments about items appearing on today's agenda, as well as other matters within the subject matter jurisdiction of the Board. All such comments will be received during the Public Comments section of the agenda. Individuals who address the Board are limited to three (3) minutes to speak on any item and a total of 10 minutes on all items for their presentation. The Board may limit the total time for all public comments to 30 minutes. People needing additional time are requested to submit the information in writing.

For comments concerning matters not on the agenda, open meeting laws and fairness to other residents who may have an interest in your topic prohibit the Board from acting or engaging in extended discussion of your concerns. The Board may direct staff to meet at a later date with speakers who have specific concerns or needs. The Board may also direct that an issue be placed on a future agenda for discussion and consideration. This permits the Board and staff members to prepare and receive necessary information and for the public to be aware that a topic is being formally considered. We appreciate your cooperation.

Forms are available from the Board's secretary for requests to address the Board. People wishing to make public comments are requested to complete the appropriate form and return it to the Board Secretary.

- A. Roll Call
- B. Flag Salute
- C. Welcome Guests

**II. PUBLIC COMMENTS**

Please refer to the information above regarding public comment guidelines.

**III. APPROVAL OF ADDITIONAL EMERGENCY ITEMS (Government Code Section 54954.3(b)(2))**

**IV. APPROVAL OF ACTION AGENDA**

It is recommended that the JPA Board take action to approve the action agenda as presented/amended.

Motion: \_\_\_\_\_  
Second: \_\_\_\_\_  
In Favor: \_\_\_\_\_  
Opposed: \_\_\_\_\_  
Abstained: \_\_\_\_\_

**V. CONSENT AGENDA ITEMS – No Consent Agenda.**

## VI. PRESENTATION – No Presentation.

## VII. ITEMS SCHEDULED FOR ACTION/CONSIDERATION

- A. SBCSELP Annual Audit Report for Fiscal Year Ending June 30, 2024**

REF: VII-A

1. Audit Letter
2. Representation Letter

It is recommended that the JPA Board approve the SBCSELPA Annual Audit Report for Fiscal Year Ending June 30, 2024 as presented.

**Motion:**

Second:

In Favor:

Opposed: \_\_\_\_\_

Abstained:

- B. SBCSELP Request for Qualifications and Proposals (RFQP) for Search Firm Services for the Position of Executive Director**

REF: VII-B

- ## 1. Request for Proposal (RFQP)

It is recommended that the JPA Board approve the Request for Qualifications and Proposals (RFQP) for Search Firm Services for the Position of Executive Director as presented.

**Motion:**

Second:

In Favor:

Opposed: \_\_\_\_\_

Abstained:

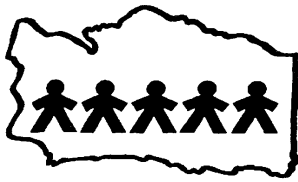
**VIII. ITEMS SCHEDULED FOR INFORMATION AND DISCUSSION – No Information & Discussion Items.**

## IX. MISCELLANEOUS AGENDA ITEMS

- ### A. Items Proposed for Future Action or Discussion

- B. Next Scheduled JPA Board Meeting: Date: February 3, 2025  
Time: 12:00 p.m.  
Location: Jonata Middle School Library, Buellton CA

## X. ADJOURNMENT



**Santa Barbara County**  
**Special Education Local Plan Area**  
A Joint Powers Agency

Date: December 18, 2024

To: SBCSELPA JPA Board

From: Ray Avila, SBCSELPA Executive Director

Re: SBCSELPA Annual Audit Report for Fiscal Year Ending June 30, 2024

**BACKGROUND:**

Moss, Levy & Hartzheim LLP has conducted the annual audit of the SBCSELPA for the fiscal year ending June 30, 2024. The audit report has been filed with the Santa Barbara County Education Office and with the California Department of Education.

**FINANCIAL STATEMENTS**

Types of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Materials weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	None reported

Type of auditor's report issued on compliance for major Federal programs:	Unmodified
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Any audit finding disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No
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## Identification of major Federal Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.173, and 84.173A	Special Education (IDEA) Cluster

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

**SUMMARY:** No audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

**FISCAL IMPACT:** None.

**RECOMMENDATIONS:** The JPA Board approve the SBCSELPA Annual Audit Report for Fiscal Year Ending June 30, 2024 as presented.

**SANTA BARBARA COUNTY SPECIAL EDUCATION  
LOCAL PLAN AREA**

**FINANCIAL STATEMENTS**  
June 30, 2024

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
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June 30, 2024

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Santa Barbara County Special Education Local Plan Area  
Goleta, California

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Santa Barbara County Special Education Local Plan Area (the SELPA), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SELPA'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 and each major fund of the SELPA, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SELPA 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, which raise substantial doubt about the SELPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SELPA'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, which raise substantial doubt about the SELPA'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, budgetary comparison information, schedule of the SELPA's proportionate share of the net pension liability, and the schedule of SELPA contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SELPA's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 Schedule of Expenditures of Federal Awards



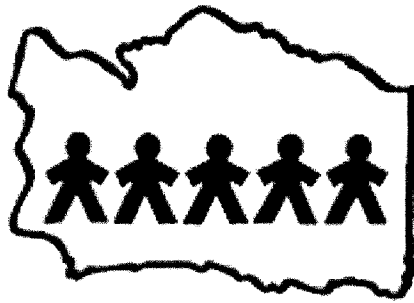
and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of the SELPA'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 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 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 SELPA's internal control over financial reporting and compliance.

*Moss, Remy & Hartgrain LLP*

Santa Maria, California  
December 13, 2024



## **Santa Barbara County Special Education Local Plan Area A Joint Powers Agency**

This section of Santa Barbara County Special Education Local Plan Area's (the SELPA) annual financial report presents our discussion and analysis of the SELPA's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the SELPA's financial statements, which immediately follow this section.

### **ORGANIZATIONAL STRUCTURE OF SELPA**

#### **Governance and Governance Structure**

The SELPA is a group of 20 school districts, four charter schools, and the County Education Office that have joined together to provide special education programs and services.

The SELPA is organized as a Joint Powers Agency, which is technically an independent governmental agency. The SELPA is governed by the SELPA Joint Powers Agency Board, which is comprised of eight voting members. The Board is comprised of the County Superintendent of Schools and superintendents of districts in Santa Barbara County selected as follows: two members from non-direct service districts in south Santa Barbara County, two members from non-direct service districts in north Santa Barbara County, one member from direct service districts in Santa Barbara County, one member from non-direct service district, Santa Ynez Valley Special Education Consortium in central Santa Barbara County and one member from a 9-12 grade high school district. The County Superintendent of Schools serves continuously as an eighth member of the Board.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

#### **The Financial Statements**

The financial statements presented herein include all of the activities of the Santa Barbara County Special Education Local Plan Area using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the SELPA from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the SELPA (including capital and right-to-use leased assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

*Governmental-Wide Financial Statements* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fund Financial Statements* include statements for the following category of activity:

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

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

The primary unit of the government is the Santa Barbara County Special Education Local Plan Area.

## **REPORTING THE SELPA AS A WHOLE**

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

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

These two statements report on the SELPA's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the SELPA's financial health, or financial position. Over time, increases or decreases in the SELPA's net position will serve as a useful indicator of whether the financial position of the SELPA is improving or deteriorating. Other factors to consider are changes in the SELPA's funding situation and the condition of the SELPA's facilities.

The relationship between revenues and expenses is the SELPA's *operating results*. Since the governing board's responsibility is to provide services to our member districts and their students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the SELPA. The quality of the support and programs provided will likely be an important component in this evaluation.

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

**Governmental Activities** - All of the SELPA's services are reported in this category. This includes providing special education programs and services.

## REPORTING THE SELPA'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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

## FINANCIAL HIGHLIGHTS

### Executive Summary

The SELPA Board and management establishes allocations for all ending fund balances and carryover monies so that they may directly benefit the districts and students we serve in Santa Barbara County. Accounts established for such things as legal fees, non-public school placements, professional development and trainings that were not fully expended are brought before the SELPA JPA Board for reallocation in the subsequent school year. From the June 30, 2023 ending fund balance, the JPA Board allocated \$1,697,077 of Ending Fund Balance to continue to provide Mental Health Services and shared cost pools for mental health non-public schools through the 2023-2024 school year, as SELPA will no longer receive Mental Health funding beginning 2023-2024. During 2023-2024 they approved a plan to begin using federal funding in 2024-2025 to continue to fund these items. As a result of this shift, the ending fund balance from June 30, 2023 to June 30, 2024 will showed a significant decrease.

## THE SELPA AS A WHOLE

### Net Position

The SELPA's net position was \$2,806,263 for the fiscal year ended June 30, 2024. Of this amount, \$(199,992) was unrestricted (deficit) net position. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limits the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the SELPA's governmental activities.

**Table 1**

	Governmental Activities	
	2024	2023
<b>Assets</b>		
Current and other assets	\$ 19,051,059	\$ 16,106,484
Capital assets and right-to-use leased asset	309,374	353,615
Total assets	19,360,433	16,460,099
Deferred outflows of resources	1,304,490	1,574,856
<b>Liabilities</b>		
Current liabilities	15,839,257	12,372,752
Long-term liabilities other than pensions	301,013	333,967
Aggregate net pension liability	1,244,014	1,058,949
Total liabilities	17,384,284	13,765,668
Deferred inflows of resources	474,376	749,817
<b>Net position</b>		
Net investment in capital assets	309,374	28,492
Restricted	2,696,881	3,431,384
Unrestricted (deficit)	(199,992)	59,594
Total net position	\$ 2,806,263	\$ 3,519,470

The \$2,806,263 in total net position of all governmental activities represents the accumulated results of all past years' operations. Total net position decreased by \$713,207 or 20.26% compared to the previous year's balance of \$3,519,470. The significant decrease in total net position is due to utilizing 1x ending fund balance during the 2023-2024 fiscal year, as designated by JPA for the Mental Health Services and Non-public School Cost Pools.

### Changes in Net Position

The results of this year's operations for the SELPA as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Operating grants and contributions	\$ 61,452,072	\$ 60,364,164
General revenues		
Other general revenues	203,107	66,592
Total revenues	<u>61,655,179</u>	<u>60,430,756</u>
Expenses		
Instruction-related	4,568,891	3,952,213
Administration	14,540	13,337
Plant-services	19,032	20,427
Interest on long-term liabilities	7,273	7,273
Other outgo	<u>57,792,222</u>	<u>56,493,939</u>
Total expenses	<u>62,368,386</u>	<u>60,487,189</u>
Change in net position	<u>(713,207)</u>	<u>(56,433)</u>

# Santa Barbara County Special Education Local Plan Area

Management's Discussion and Analysis

June 30, 2024

## Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$62,368,386. The cost of these activities was paid by other governments and organizations who subsidized certain programs with grants and contributions of \$61,452,072. We paid for part of the remaining public benefit portion of our governmental activities with other revenues, like interest and general entitlements. The remainder resulted in a decreased to our net position.

In Table 3, we have presented the cost and net cost of each of the SELPA's largest functions – instruction-related activities, administration, plant services, interest on long-term liabilities and other outgo. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	4,568,891	3,952,213	1,492,609	(110,213)
Administration	14,540	13,337		(25)
Plant services	19,032	20,427		(1,416)
Interest on long-term liabilities	7,273	7,273	(7,273)	(7,273)
Other outgo	57,758,650	56,493,939	(2,401,650)	(4,098)
Total expenses	<u>\$ 62,368,386</u>	<u>\$ 60,487,189</u>	<u>\$ (916,314)</u>	<u>\$ (123,025)</u>

Instructions-related costs include the SELPA staff, Mental Health Specialists, WRAP Coordinator, and BCBA's, and WRAP team services (contracted with Goleta Union Elementary School District). A. There were more Nonpublic school placements in 2023-2024 than prior years, resulting in an increase in instructional costs. Increases in other-outgo expenses are primarily due to Fund 10 passthrough account to transfer revenues to districts in accordance with the SBCSELPA Local plan.

## THE SELPA'S FUNDS

As the SELPA completed this year, our governmental fund reported a fund balance of \$3,211,802, which is an decrease of \$521,930, or 13.97% from last year. (Table 4)

**Table 4**

Governmental Fund	Balances and Activity			June 30, 2024
	June 30, 2023	Revenues	Expenditures	
General	\$ 3,733,732	\$ 6,298,179	\$ 6,820,109	\$ 3,211,802
Special Education Pass-Through		55,357,000	55,357,000	
Total	<u>3,733,732</u>	<u>61,655,179</u>	<u>62,177,109</u>	<u>\$ 3,211,802</u>

## General Fund Budgetary Highlights

Over the course of the year, the SELPA revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 3, 2024. (A schedule showing the SELPA's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 38.

Revenue revisions made to the 2023-2024 Budget were due primarily to reclassifying revenues from state to local. Also changes associated with the revenue increases and for and the allocation of fiscal year 2023-2024 ending fund balance to create the following accounts:

District Legal Allocation,  
SELPA-Wide Professional Development and CPI Training  
MAA and SIPE carryover  
Low Incidence Equipment carryover

The difference between final and actual state revenues was due to reassigning prior-year correction reduction in revenue from SELPA General Fund to Pass-Through Fund to LEAs, and receipt of more out-of-home revenue at P-2 than was apportioned on the P-1 exhibit. The difference for local revenues were primarily due to receipts from school districts whose students were placed in non-public schools in accordance with the local plan, which were not previously budgeted. For expenditures, there was a savings in expenses primarily attributable to unexpended non-public school placement budget. The savings in Other-outgo was primarily due to districts not utilizing their low incidence funding.



**CAPITAL ASSET, RIGHT-TO-USE LEASED ASSETS AND DEBT ADMINISTRATION**

**Capital Assets and Right-to-Use Leased Assets**

At June 30, 2024, the SELPA had 273,576, in leased assets, and buildings and improvements. This amount represents a net decrease of \$44,241, or 12.51%, as compared to last year's restated balance, due to the depreciation and amortization (Table 5).

**Table 5**

	Governmental Activities	
	2024	2023
Buildings and improvements	\$ 35,798	\$ 34,292
Leased assets	<u>273,576</u>	<u>319,323</u>
Total	<u><u>309,374</u></u>	<u><u>353,615</u></u>

We provide more detailed information regarding capital assets and right-to-use leased assets in Note 4 of the financial statements.

**Long-Term Liabilities Other than Pensions**

At the end of this year, the SELPA had \$301,013 in long-term liabilities outstanding versus \$333,967 last year as restated, a decrease of \$32,954, or 9.87%. Those long-term liabilities consisted of:

**Table 6**

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
Leases	\$ 279,914	\$ 325,123
Compensated Absences	<u>21,099</u>	<u>8,844</u>
Total	<u><u>301,013</u></u>	<u><u>333,967</u></u>

We provide more detailed information regarding long-term liabilities in Note 7 of the financial statements.

### **Aggregate Net Pension Liability (NPL)**

At year-end, the SELPA had an aggregate net pension liability of \$1,244,014, versus \$1,058,949 last year, an increase of \$185,065 or 17.48%. We provide more detailed information regarding pension liability in Note 9 of the financial statements.

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

In considering the SELPA Budget for the 2024-2025 fiscal year, the Board and management used the following criteria: The key assumptions in our revenue forecast are:

Cost of Living Adjustment (COLA) of .76% was applied to AB602 Revenue in the 2024-2025 Adopted Budget. Other Outgo of \$824,000 for state out-of-home care was decreased in order to continue to provide Non-public school cost pool. Federal income will be tied directly to grant awards that are received for various programs, i.e., staff development and low incidence and is projected to remain flat. Federal income for Fund 01 was increased by decreasing Fund 10 in order to continue to provide non-public school cost pools. **There** was no COLA applied to Salaries. Step-and-Column increases were applied. Benefits were estimated based on current and historical data. Reductions in expenses for one-time funding. Funds were set-aside from the 2023-2024 ending fund balance for possible salary increases in addition to having unassigned ending fund balance in the 2024-2025 budget based on unspent revenue surplus.

### **CONTACTING THE SELPA'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the SELPA's finances and to show the SELPA's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the SELPA Executive Director, Dr. Ray Avila, at Santa Barbara County Special Education Local Plan Area, 5385 Hollister Avenue, Bldg. 5, Box 107, Santa Barbara, California, 93111, or e-mail at [ravila@sbcselfpa.org](mailto:ravila@sbcselfpa.org).

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**STATEMENT OF NET POSITION**  
June 30, 2024

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	Governmental Activities
<b>ASSETS</b>	
Cash in county treasury	\$ 3,810,168
Receivables	15,240,891
Capital assets, net of accumulated depreciation	35,798
Right-to-use leased assets, net of accumulated amortization	<u>273,576</u>
Total assets	<u>19,360,433</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	<u>1,304,490</u>
<b>LIABILITIES</b>	
Accounts payable	15,839,257
Long-term liabilities	
Long-term liabilities other than pensions due within one year	51,421
Long-term liabilities other than pensions due in more than one year	249,592
Aggregate net pension liability	<u>1,244,014</u>
Total liabilities	<u>17,384,284</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to pensions	<u>474,376</u>
<b>NET POSITION</b>	
Net investment in capital assets	309,374
Restricted for Educational programs	2,696,881
Unrestricted	<u>(199,992)</u>
Total net position	<u><u>\$ 2,806,263</u></u>

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

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2024

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	<u>Expenses</u>	<u>Program Revenues Operating Contributions and Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities			
Instruction-related activities			
Supervision of instruction	\$ 4,568,891	\$ 6,061,500	\$ 1,492,609
All other administration	14,540	14,540	
Plant services	19,032	19,032	
Other outgo	<u>57,765,923</u>	<u>55,357,000</u>	<u>(2,408,923)</u>
Total governmental activities	<u>\$ 62,368,386</u>	<u>\$ 61,452,072</u>	<u>(916,314)</u>
General Revenues:			
Use of money and property			<u>203,107</u>
Total general revenues			<u>203,107</u>
Change in net position			(713,207)
Net position, beginning of fiscal year			<u>3,519,470</u>
Net position, end of fiscal year			<u>\$ 2,806,263</u>

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

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2024

	General Fund	Special Education Pass-Through Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash in County Treasury	\$ 3,810,168	\$ -	\$ 3,810,168
Accounts Receivable	608,120	14,632,771	15,240,891
Total Assets	<u>\$ 4,418,288</u>	<u>\$ 14,632,771</u>	<u>\$ 19,051,059</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable	\$ 1,206,486	\$ 14,632,771	\$ 15,839,257
Total Liabilities	<u>1,206,486</u>	<u>14,632,771</u>	<u>15,839,257</u>
Fund Balances:			
Restricted	2,696,881	-	2,696,881
Unassigned	514,921	-	514,921
Total Fund Balances	<u>3,211,802</u>	<u>-</u>	<u>3,211,802</u>
Total Liabilities and Fund Balances	<u>\$ 4,418,288</u>	<u>\$ 14,632,771</u>	<u>\$ 19,051,059</u>

The accompanying notes are an integral part of this statement.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**RECONCILIATION OF THE GOVERNMENTAL**  
**FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2024**

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Total Fund Balance - Governmental Fund	\$	3,211,802
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Amounts Reported for Governmental Activities in the  
Statement of Net Position are Different Because

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported as assets in  
governmental funds.

The cost of capital asset is	\$	138,679
Accumulated depreciation is		<u>(102,881)</u>

Net capital assets	35,798
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Right-to-use leased assets used in governmental activities are  
not financial resources and, therefore, are not reported as assets in  
governmental funds

The cost of right-to-use leased assets is	413,503
Accumulated amortization is	<u>(139,927)</u>

Net right-to-use leased assets	273,576
--------------------------------	---------

Deferred outflows of resources represent a consumption of net  
position in a future period and are reported in the  
governmental funds. Deferred outflows of resources amounted  
to and related to

Aggregate net pension liability	<u>1,304,490</u>
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Total deferred outflows of resources	1,304,490
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Deferred inflows of resources represent an acquisition of net  
position that applies to a future period and are not reported in the  
governmental funds. Deferred inflows of resources amount to  
and related to

Aggregate net pension liability	<u>(474,376)</u>
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Total deferred inflows of resources	(474,376)
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Aggregate net pension liability is not due and payable in the current  
period, and is not reported as a liability in the funds

(1,244,014)
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Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

Leases	(279,914)
Compensated absences (vacations)	<u>(21,099)</u>

<u>(301,013)</u>
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Total Net Position - Governmental Activities	\$	<u><u>2,806,263</u></u>
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The notes to basic financial statements are an integral part of this statement.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Education Pass-Through Fund	Total Governmental Funds
Revenues:			
Federal Revenue	\$ 29,898	\$ 19,567,328	\$ 19,597,226
Other State Revenue	5,429,673	35,781,189	41,210,862
Other Local Revenue	838,608	8,483	847,091
Total Revenues	<u>6,298,179</u>	<u>55,357,000</u>	<u>61,655,179</u>
Expenditures:			
Current:			
Instruction - Related Services	4,568,891	-	4,568,891
General Administration	14,540	-	14,540
Plant Services	19,032	-	19,032
Other Outgo	2,158,380	55,357,000	57,515,380
Debt Service:			
Principal	45,209	-	45,209
Interest	7,273	-	7,273
Capital Outlay	6,784	-	6,784
Total Expenditures	<u>6,820,109</u>	<u>55,357,000</u>	<u>62,177,109</u>
Net Change in Fund Balances	(521,930)	-	(521,930)
Fund Balances, July 1	3,733,732	-	3,733,732
Fund Balances, June 30	<u>\$ 3,211,802</u>	<u>\$ -</u>	<u>\$ 3,211,802</u>

The accompanying notes are an integral part of this statement.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2024**

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Total net changes in Fund Balances-Governmental Funds	\$ (521,930)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeds capital outlay in the period.	(44,241)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these item are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.	(12,255)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year	(179,990)
Payment of principal on lease liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities	<u>45,209</u>
Change in Net Position - Governmental Activities	<u><u>\$ (713,207)</u></u>

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



# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Santa Barbara County Special Education Local Plan Area (SELPA) was organized in 1983 as a Joint Powers Agreement (JPA). The following Santa Barbara County LEAs are members in 2023-2024:

Adelante Charter School	Los Olivos School District
Ballard School District	Manzanita Public Charter School
Blockman Union School District	Montecito Union School District
Buellton Union School District	Orcutt Union School District
Carpinteria Unified School District	Santa Barbara Charter School
Cold Spring School District	Santa Barbara County Education Office
College School District	Santa Barbara Unified School District
Cuyama Joint Unified School District	Santa Maria Joint Union High School District
Family Partnership Charter School	Santa Maria-Bonita School District
Goleta Union School District	Santa Ynez Valley Union High School District
Guadalupe Union School District	Solvang School District
Hope School District	Vista Del Mar Union School District
Lompoc Unified School District	

The purpose of the SELPA is to maintain programs for the education of individuals with special needs in the most cost-effective manner. This plan is carried out through the coordination of special education services within the members' geographic boundary.

The SELPA is governed by the JPA Board, which consists of representatives from members' administration. The SELPA maintains an administrative paid staff for managerial control and a classified staff to provide services to member SELPAs. The certificated staff are employees of a member organization or employees of the SELPA, depending on their duties.

#### B. Basis of Presentation

##### *Government-wide Financial Statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the SELPA.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the SELPA's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The SELPA does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the SELPA, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the SELPA.

##### *Fund Financial Statements:*

Fund financial statements report detailed information about the SELPA. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**B. Basis of Presentation (continued)**

Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

*Revenue – exchange and non-exchange transactions:*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the SELPA, "available" means collectible within the current period or within one year after fiscal year end.

Non-exchange transactions, in which the SELPA receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the SELPA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the SELPA on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Unearned revenue:*

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

*Pensions:*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SELPA's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement Plan (CalSTRS) (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported as fair value.

*Expenses/expenditures:*

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the SELPA's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Fund Accounting**

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

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

D. Fund Accounting (continued)

spending activities are controlled. The SELPA's accounts are organized into major and nonmajor funds as follows:

*Major Governmental Funds:*

The General Fund is the general operating fund of the SELPA. It is used to account for all financial resources except those required to be accounted for in another fund.

The Special Education Pass-Through Fund is used by the Administrative Unit of a multi-district Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member districts.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the SELPA's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The SELPA's governing board satisfied these requirements.

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

Formal budgetary integration was employed as a management control device during the fiscal year for all budgeted funds. The SELPA employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. 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. All encumbrances are liquidated at June 30.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the SELPA maintains substantially all of its cash in the Santa Barbara County Treasury. The County pools these funds with those of other SELPA in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. 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 Section 53648 et. seq.. The funds maintained by the County are either secured by the Federal Depository Insurance Corporation or are collateralized.

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

# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

#### H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (continued)

##### 2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

##### 3. Prepaid Items

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

##### 4. Capital Assets

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

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

The SELPA records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

The SELPA records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

##### 5. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the SELPA recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The SELPA has two items which qualify for reporting in this category; refer to Notes 5 and Note 9 for a detailed listing of the deferred outflows of resources the SELPA has recognized. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the SELPA that is applicable to a future reporting period. The SELPA has two items which qualify for reporting in this category; refer to Note 5 and Note 9 for a detailed listing of the deferred inflows of resources the SELPA has recognized.

##### 6. Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

8. Fund Balances

Fund balances of the governmental funds are classified as follows:

Non-spendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, 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 SELPA'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. 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 SELPA 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 purpose of the SELPA.

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

9. Minimum Fund Balance Policy

The SELPA is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The SELPA's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than \$643,478 within the General Fund.

10. Leases

The SELPA recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The SELPA measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

I. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 101 "Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.
Statement No. 102 "Certain Risk Disclosures"	The provisions of this statement are effective for fiscal years beginning after June 15, 2024.
Statement No. 103 "Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104 "Disclosure of Certain Capital Assets"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

**NOTE 2 - CASH AND INVESTMENTS**

The SELPA's cash and investments at June 30, 2024, consisted of the following:

Cash and investments with the County Treasurer	\$ 3,810,168
Total cash in investments	<u>\$ 3,810,168</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash in county treasury, statement of net position	\$ 3,810,168
Total cash in investments	<u>\$ 3,810,168</u>

The SELPA categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The SELPA did not have investments that were measured under Level 1, Level 2, or Level 3.

Cash in County Treasury

In accordance with Education Code Section 41001, the SELPA maintains substantially all of its cash in the Santa Barbara County Treasury as part of the common investment pool (\$3,810,168 as of June 30, 2024). The fair value of this pool as of that date, as provided by the plan sponsor, was \$3,810,168. The SELPA is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest 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.

Investments Authorized by the SELPA's Investment Policy

The SELPA's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The SELPA's investment policy does not contain any specific provisions intended to limit the SELPA's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the SELPA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk (continued)

and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the SELPA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the SELPA's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Santa Barbara County					
Investment Pool	\$ 3,810,168	\$ 3,810,168	\$ -	\$ -	\$ -
Total	<u>\$ 3,810,168</u>	<u>\$ 3,810,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the SELPA's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
Santa Barbara County						
Investment Pool	\$ 3,810,168	N/A	\$ -	\$ -	\$ -	\$ 3,810,168
Total	<u>\$ 3,810,168</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,810,168</u>

Concentration of Credit Risk

The investment policy of the SELPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total SELPA investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the SELPA'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 fair 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 the SELPA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the SELPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the SELPA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Santa Barbara County Investment Pool).

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2024, consist of the following:

	General Fund	Special Education Pass-Through Fund
Federal Government:		
Federal programs	\$ 550,317	\$ 14,632,771
Local Sources:		
Interest	32,943	
Miscellaneous	24,860	
	<u>\$ 608,120</u>	<u>\$ 14,632,771</u>

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the fiscal year ended June 30, 2024, is shown below:

	Balance July 1, 2023	Additions	Deductions	Transfers	Balance June, 30, 2024
Capital assets, being depreciated:					
Buildings and improvements	\$ 131,895	\$ 6,784	\$ -	\$ -	\$ 138,679
Total capital assets, being depreciated	<u>131,895</u>	<u>6,784</u>			<u>138,679</u>
Less accumulated depreciation for:					
Buildings and improvements	97,603	5,278			102,881
Total accumulated depreciation	<u>97,603</u>	<u>5,278</u>			<u>102,881</u>
Total capital assets, being depreciated	<u>\$ 34,292</u>	<u>\$ 1,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,798</u>
Governmental Activities:					
Unallocated	\$ 5,278				
Total depreciation expense	<u>\$ 5,278</u>				

**NOTE 5 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

At June 30, 2024, deferred inflows and outflows of resources, reported in the Statement of Net Position, consisted of the following:

Government-wide Deferred Outflows	
Pensions	\$ 1,304,490
Total Government-wide Deferred Outflows	<u>\$ 1,304,490</u>
Government-wide Deferred Inflows	
Pensions	\$ 598,971
Total Government-wide Deferred Inflows	<u>\$ 598,971</u>



**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 6 – FUND BALANCE**

	General Fund
<b>Restricted</b>	
Legally restricted programs	\$ 2,696,881
<b>Unassigned</b>	514,921
Total	<u>\$ 3,211,802</u>

**NOTE 7 - LONG-TERM LIABILITIES- SCHEDULE OF CHANGES**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2024, is shown below:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Compensated absences payable	\$ 8,844	\$ 14,816	\$ 2,561	\$ 21,099	\$ 5,275
Lease payable	325,123		45,209	279,914	46,146
Net pension liability	1,058,949	185,065		1,244,014	
	<u>\$ 1,392,916</u>	<u>\$ 199,881</u>	<u>\$ 47,770</u>	<u>\$ 1,545,027</u>	<u>\$ 51,421</u>

**NOTE 8 - LONG-TERM LIABILITIES OTHER THAN PENSIONS**

**Leases**

The SELPA has entered into agreements to lease various facilities and equipment. The SELPA's liability on lease agreements is summarized below:

**SELPA Office Lease**

The SELPA entered an agreement to lease office space for 36 months, beginning June 1, 2021. The initial lease term is through May 31, 2024, and has two three-year renewal options that are deemed reasonably certain to be exercised. Under the terms of the lease, the SELPA pays a monthly base fee of \$4,132.50, increasing 3.00% annually beginning in July 2022. At June 30, 2024, the SELPA has recognized a right-to-use asset of \$275,080 and a lease liability of \$279,914 related to this agreement. During the fiscal year, the SELPA recorded \$44,618 in amortization expense and \$7,012 in interest expense for the right-to-use the office space. The SELPA used a discount rate of 2.00%, based on estimates for similar property financing rates in place at the initiation of the lease.

**Copier Lease**

The SELPA entered an agreement to lease a copier for 60 months, beginning June 30, 2021. Under the terms of the lease, the SELPA makes monthly payments of \$147.72, which amounts to total principal and interest costs of \$8,863. At June 30, 2024, the SELPA has recognized a right-to-use asset of \$8,144 and a lease liability of \$4,834 related to this agreement. During the fiscal year, the SELPA recorded \$1,129 in amortization expense and \$236 in interest expense for the right-to-use the copier. The SELPA used a discount rate of 3.5%, based on estimates for similar equipment financing rates in place at the initiation of the lease.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows on the next page:

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 8 - LONG-TERM LIABILITIES OTHER THAN PENSIONS (continued)**

Year Ending June 30,	Principal	Interest	Total
2025	\$ 46,146	\$ 5,217	\$ 51,363
2026	47,103	4,259	51,362
2027	46,279	3,311	49,590
2028	45,455	2,373	47,828
2029	44,631	1,435	46,066
Thereafter	50,300	443	50,743
Total	<u>279,914</u>	<u>17,038</u>	<u>296,952</u>

**NOTE 9 - PENSION PLANS**

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

**A. General Information about the Pension Plan**

**Plan Descriptions** – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher's Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers' Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS' website.

**Benefits Provided** – The CALSTRS' Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and or survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefit.

Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as shown on the following page:

# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

### NOTE 9 - PENSION PLANS

#### California State Teachers' Retirement System (CalSTRS) (continued)

##### A. General Information about the Pension Plan (continued)

	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2% to 2.4%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required state contribution rates	10.828%	10.828%

Specific details for the retirement, disability or death benefit calculations for each of the pension plans are available in the CalSTRS' Annual Comprehensive Financial Report (ACFR). The CalSTRS' ACFR is available online at <https://www.calstrs.com/annual-comprehensive-financial-report>.

**Contributions** – Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in the Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

**On-Behalf Payments** – The SELPA was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

For the fiscal year ended June 30, 2024, the contributions recognized as part of pension expense were as follows:

Contribution – employer	\$ 72,059
Contribution – state	\$ 36,631

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

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

Organization's proportionate share of the net pension liability	\$ 477,991
State's proportionate share of the net pension liability associated with the Organization	226,208
Total	<u>\$ 704,199</u>

The SELPA's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The SELPA's proportion of the net pension liability was based on a projection of the SELPA's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the SELPA's proportion was .0006%, which was the same as its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the SELPA recognized pension expense of \$188,916. At June 30, 2024, the SELPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the next page:

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 9 - PENSION PLANS**

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

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 37,563	\$ 25,568
Changes of assumptions	2,767	
Net difference between projected and actual earning on pension plan investments	2,022	
Changes in proportion and differences between District contributions and proportionate share of contributions	811,777	417,341
District contributions subsequent to the measurement date	72,070	
Total	<u>\$ 926,199</u>	<u>\$ 442,909</u>

\$72,070 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows on the next page:

Fiscal Year Ended June 30	Amount
2025	\$ 76,651
2026	21,134
2027	257,641
2028	52,982
2029	(2,962)
Thereafter	5,774

**Actuarial Assumptions** –The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry age normal
Discount Rate	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. In January 31, 2020, the CalSTRS' retirement board changed the mortality assumptions based on the July 1, 2015 through June 30, 2018 Experience Analysis. The projection scale was set to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries. For further details, see CalSTRS' July 1, 2015 through June 30, 2018 Experience Analysis on the CalSTRS website.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 9 - PENSION PLANS**

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

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on January 31, 2020, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38 %	5.25 %
Real Estate	15 %	4.05 %
Private Equity	14 %	6.75 %
Fixed Income	14 %	2.45 %
Risk Mitigating Strategies	10 %	2.25 %
Inflations Sensitive	7 %	3.65 %
Cash/Liquidity	2 %	0.05 %
	<u>100 %</u>	

\*10-year geometric average

**Discount Rate** – The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur mid-year. Based on those assumptions, the CalSTRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the SELPA's proportionate share of the net pension liability, calculated using the discount rate, as well as what the SELPA'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:

1% Decrease	6.10%
Net Pension Liability	\$ 801,792
Current Discount Rate	7.10%
Net Pension Liability	\$ 477,991
1% Increase	8.10%
Net Pension Liability	\$ 209,037

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

**C. Payable to the Pension Plan**

At June 30, 2024, the SELPA had no amount outstanding for contributions to the pension plan required for the fiscal year ended

# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

June 30, 2024.

### NOTE 9 - PENSION PLANS (continued)

#### California Public Employers' Retirement System (CalPERS)

##### A. General Information about the Pension Plan

###### *Plan Description*

All qualified permanent and probationary employees are eligible to participate in the SELPA's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and SELPA resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

###### *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023 (the Measurement Date), are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	10.10%	7.68%

###### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The SELPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the SELPA were \$106,151 for the fiscal year ended June 30, 2024.

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

At June 30, 2024, the SELPA reported a liability of \$766,023 for its proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The SELPA's proportion of the net pension liability was based on a projection of the SELPA's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the SELPA's proportion was .01532%, which was an increase from the proportion of .01356% at June 30, 2022.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 9 - PENSION PLANS (continued)**

**California Public Employers' Retirement System (CalPERS) (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

For the fiscal year ended June 30, 2024, the SELPA recognized pension expense of \$165,969. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2024, the SELPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 39,133	\$ 6,070
Change in assumptions	46,248	
Net difference between projected and actual earning on pension plan investments	124,026	
Changes in proportion and differences between District contributions and proportionate share of contributions	62,733	25,397
District contributions subsequent to the measurement date	106,151	
Total	<u>\$ 378,291</u>	<u>\$ 31,467</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$106,151 reported as deferred outflows of resources related to pensions resulting from SELPA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 73,244
2026	55,976
2027	107,893
2028	3,560

# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

### NOTE 9 - PENSION PLANS (Continued)

#### California Public Employees' Retirement System (CalPERS) (Continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry age normal
Discount Rate	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies
Post-retirement Benefit Increases	Up to 2.00% until purchasing power protection
	Allowance flows purchasing power applies, 2.30% thereafter

#### Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class	Strategic Allocation	Real Return Years 1-10 <sup>1,2</sup>
Global Equity - cap weighted	30.0%	4.54%
Global Equity non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

1) An expected inflation of 2.30% was used.

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



**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 9 - PENSION PLANS (Continued)**

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

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF B), 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 testing the plans, the tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate, and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund, including PERF B. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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 expected long-term rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term project portfolio return.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the SELPA's proportionate share of the net pension liability, calculated using the discount rate, as well as what the SELPA'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:

1% Decrease	5.90%
Net Pension Liability	\$ 1,210,133
Current Discount Rate	6.90%
Net Pension Liability	\$ 766,023
1% Increase	7.90%
Net Pension Liability	\$ 400,483

***Pension Plan Fiduciary Net Position*** - Detailed information about pension plan's fiduciary net position is available in the separately issued CalPERS' financial reports.

**C. Payable to the Pension Plan**

At June 30, 2024, the SELPA had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2024.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**State and Federal Allowances, Awards and Grants**

The SELPA 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 reimbursements will not be material.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)**

**Litigation**

According to the SELPA's staff and attorney, no contingent liabilities are outstanding, and no lawsuits are pending of any real financial consequence.

## **SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2024**

#### **NOTE 11 - JOINT VENTURES (Joint Powers Agreements)**

The SELPA is a member of the Self-Insured Schools of California II and III (SISC II and SISC III), and the Santa Barbara County Schools Self-Insurance Programs for Employees (SBSIPE) public entity risk pools joint powers authority (JPA). The County pays an annual premium to each entity for its property and liability, health benefits, and workers' compensation coverage, respectively. The relationships between the SELPA, the pool, and the JPA are such that they are not component units of the SELPA for financial reporting purposes.

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 County are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2024, the SELPA made payments of \$6,320 to SISC II for services received.

## **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN ARE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenue	\$ 29,955	\$ 29,955	\$ 29,898	\$ (57)
Other State Revenue	5,383,074	5,161,354	5,429,673	268,319
Other Local Revenue	351,740	582,955	838,608	255,653
Total Revenues	<u>5,764,769</u>	<u>5,774,264</u>	<u>6,298,179</u>	<u>523,915</u>
Expenditures:				
Current:				
Certificated Salaries	377,329	377,328	377,328	-
Classified Salaries	761,431	761,431	761,431	-
Employee Benefits	413,614	399,976	399,976	-
Books And Supplies	198,908	223,408	56,213	167,195
Services And Other Operating Expenditures	3,357,491	3,394,105	3,007,515	386,590
Other Outgo	2,138,685	2,783,400	2,158,380	625,020
Current:				
Principal	45,209	45,209	45,209	-
Interest	7,273	7,273	7,273	-
Capital Outlay	-	6,784	6,784	-
Total Expenditures	<u>7,299,940</u>	<u>7,998,914</u>	<u>6,820,109</u>	<u>1,178,805</u>
Net Change in Fund Balance	(1,535,171)	(2,224,650)	(521,930)	1,702,720
Fund Balance, July 1	<u>3,733,732</u>	<u>3,733,732</u>	<u>3,733,732</u>	-
Fund Balance, June 30	<u>\$ 2,198,561</u>	<u>\$ 1,509,082</u>	<u>\$ 3,211,802</u>	<u>\$ 1,702,720</u>

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN ARE**  
**SPECIAL EDUCATION PASS-THROUGH FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenue	\$ 13,913,182	\$ 20,643,398	\$ 19,567,328	\$ (1,076,070)
Other State Revenue	35,863,321	34,846,715	35,781,189	934,474
Other Local Revenue	-	-	8,483	8,483
Total Revenues	<u>49,776,503</u>	<u>55,490,113</u>	<u>55,357,000</u>	<u>(133,113)</u>
Expenditures:				
Other Outgo	<u>49,776,503</u>	<u>55,490,113</u>	<u>55,357,000</u>	<u>133,113</u>
Total Expenditures	<u>49,776,503</u>	<u>55,490,113</u>	<u>55,357,000</u>	<u>133,113</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# **SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

## **SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

As of June 30, 2024

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportion of the net pension liability	0.0061%	0.0055%	0.0050%	0.0048%	0.0046%
Proportionate share of the net pension liability	\$ 766,023	\$ 634,400	\$ 270,351	\$ 524,354	\$ 467,834
Covered payroll	\$ 825,505	\$ 737,710	\$ 657,323	\$ 580,926	\$ 502,358
Proportionate share of the net pension liability as percentage of covered payroll	92.79%	86.00%	41.13%	90.26%	93.13%
Plan's total pension liability	\$ 52,441,984,274	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489
Plan's fiduciary net position	\$ 39,966,633,692	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335	\$ 31,179,414,067
Plan fiduciary net position as a percentage of the total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of the net pension liability	0.0056%	0.0043%	0.0040%	0.0034%	0.0045%
Proportionate share of the net pension liability	\$ 541,042	\$ 424,375	\$ 350,020	\$ 234,160	\$ 280,313
Covered payroll	\$ 508,605	\$ 453,679	\$ 121,714	\$ 236,202	\$ 406,469
Proportionate share of the net pension liability as percentage of covered payroll	106.38%	93.54%	287.58%	99.14%	68.96%
Plan's total pension liability	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

### Notes to Schedule

There were no changes in assumptions for the fiscal year ended June 30, 2024.

# **SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

## **SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (Continued)**

As of June 30, 2024

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.0006%	0.0006%	0.0006%	0.0008%	0.0008%
Proportionate share of the net pension liability	\$ 477,991	\$ 424,549	\$ 289,043	\$ 783,963	\$ 712,528
State's proportionate share of net pension liability associated with the District	226,208	252,261	145,435	404,133	388,732
Total	<u>\$ 704,199</u>	<u>\$ 676,810</u>	<u>\$ 434,478</u>	<u>\$ 1,188,096</u>	<u>\$ 1,101,260</u>
Covered payroll	\$ 377,329	\$ 354,350	\$ 341,127	\$ 436,813	\$ 426,966
Proportionate share of the net pension liability as percentage of covered payroll	126.68%	119.81%	84.73%	179.47%	166.88%
Plan's total pension liability	\$ 393,082,157,000	\$ 369,543,996,000	\$ 355,802,665,000	\$ 343,894,793,000	\$ 329,179,420,000
Plan's fiduciary net position	\$ 316,918,509,995	\$ 300,056,284,995	\$ 310,293,452,995	\$ 246,983,743,995	\$ 238,861,887,995
Plan fiduciary net position as a percentage of the total pension liability	80.62%	81.20%	87.21%	71.82%	72.56%
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.0008%	0.0005%	0.0005%	0.0008%	0.0010%
Proportionate share of the net pension liability	\$ 732,045	\$ 486,568	\$ 428,415	\$ 520,264	\$ 573,925
State's proportionate share of net pension liability associated with the District	419,130	287,568	243,113	338,638	402,000
Total	<u>\$ 1,151,175</u>	<u>\$ 774,136</u>	<u>\$ 671,528</u>	<u>\$ 858,902</u>	<u>\$ 975,925</u>
Covered payroll	\$ 422,966	\$ 291,264	\$ 263,243	\$ 338,638	\$ 402,000
Proportionate share of the net pension liability as percentage of covered payroll	173.07%	167.05%	162.75%	153.63%	142.77%
Plan's total pension liability	\$ 316,777,450,000	\$ 302,770,146,000	\$ 269,994,690,000	\$ 259,146,248,000	\$ 248,910,844,000
Plan's fiduciary net position	\$ 224,868,634,995	\$ 210,289,899,995	\$ 189,113,486,995	\$ 191,822,335,995	\$ 190,474,016,000
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.46%	70.04%	74.02%	76.52%

### Notes to Schedule

There were no changes in assumptions for the fiscal year ended June 30, 2024.

# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## SCHEDULE OF PENSION CONTRIBUTIONS

As of June 30, 2024

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

	2024	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	\$ 106,151	\$ 113,483	\$ 58,508	\$ 57,805	\$ 42,046
Contribution in relation to the actuarially determined contributions	106,151	113,483	58,508	57,805	42,046
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 733,584	\$ 825,505	\$ 737,710	\$ 657,323	\$ 580,926
Contributions as a percentage of covered payroll	14.470%	13.747%	7.931%	8.794%	7.238%
	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 38,350	\$ 48,821	\$ 42,056	\$ 37,451	\$ 18,716
Contribution in relation to the actuarially determined contributions	38,350	48,821	42,056	8,520	18,916
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,931</u>	<u>\$ (200)</u>
Covered payroll	\$ 502,358	\$ 508,605	\$ 453,679	\$ 121,714	\$ 236,302
Contributions as a percentage of covered payroll	7.634%	9.60%	9.27%	30.77%	7.92%

### Notes to Schedule

For fiscal year ending June 30, 2024, the discount rate was lowered from 7.15% to 6.90% and the inflation rate was decreased from 2.50% to 2.30%.



# SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

## SCHEDULE OF PENSION CONTRIBUTIONS (Continued)

As of June 30, 2024

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

	2024	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	\$ 72,070	\$ 72,070	\$ 59,956	\$ 55,092	\$ 74,695
Contribution in relation to the actuarially determined contributions	72,070	72,070	59,956	55,092	74,695
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 377,329	\$ 377,329	\$ 354,350	\$ 341,127	\$ 436,813
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%
	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 69,510	\$ 61,034	\$ 36,641	\$ 28,246	\$ 30,071
Contribution in relation to the actuarially determined contributions	69,510	61,034	36,641	28,246	30,071
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 426,966	\$ 422,966	\$ 291,264	\$ 263,243	\$ 338,637
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%

### Notes to Schedule

There were no changes in assumptions for the fiscal year ended June 30, 2024.

## **SUPPLEMENTARY INFORMATION SECTION**

# **SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>Assistance Listing</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
U.S. Department of Education:				
Passed through the California				
Special Education (IDEA) Cluster				
Basic Local Assistance				
Entitlement, Part B, Sec. 611	84.027	13379	\$ 19,272,468	\$ 19,272,468
IDEA Preschool Grants, Part B, Section 619	84.173	13430	10,950	10,950
Alternative Dispute Resolution, Part B, Sec. 611	84.173A	13007	14,922	
IDEA Preschool Staff Development, Part B, Sec. 619	84.173A	13431	4,026	
Total Special Education (IDEA) Cluster			<u>19,302,366</u>	<u>19,283,418</u>
Total Federal Financial Assistance			<u>\$ 19,302,366</u>	<u>\$ 19,283,418</u>

The accompanying note is an integral part of this schedule.

## **SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

### **NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

#### **Note 1-Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of SELPA and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles for Federal Awards (Uniform Guidance), therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. SELPA has not elected to use the ten percent de minimus cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance

## SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

### ORGANIZATION

JUNE 30, 2024

#### Organization

The Santa Barbara County Special Education Local Plan Area was established in 1983. The SELPA has 25 members and operates in various sites. There were no boundary changes during the year.

#### Governing Board

Member	Office	Representing	Term Expires
Ms. Anne Hubbard	Chair	South County Non-Direct Service District Representative	June 2025
Dr. Randall Haggard	Vice Chair	Santa Ynez Valley Special Education Consortium Non-Direct Service District Representative	June 2026
Ms. Amy Alzina	Clerk	North and South County Direct Service District Representative	June 2025
Dr. Holly Edds	Member	North County Non-Direct Service District Representative	June 2026
Mr. Antonio Garcia	Member	9th-12th Grade High School Representative	June 2026
Mr. Anthony Ranii	Member	North and South County Direct Service District Representative	June 2026
Dr. Emilio Handall	Member	North County Non-Direct Service District Representative	June 2025
Dr. Susan Salcido	Member	Santa Barbara County Schools Representative	

#### Administration

Dr. Ray Avila	Executive Director
Ms. Jennifer Connolly	Coordinator

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

	General Fund	Special Education Pass-Through Fund
June 30, 2024, annual financial and budget report fund balances/net position	\$ 3,211,802	\$
June 30, 2024, audited financial statements fund balances/net position	\$ 3,211,802	\$

	Long-Term Liabilities
June 30, 2024, annual financial and budget report long-term liabilities	\$ 3,997
Understatement of lease liability	279,914
Understatement of compensatd absences	17,102
Understatement of net pension liability	1,244,014
June 30, 2024, audited financial statements long-term total liabilities	\$ 1,545,027

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities of the long-term debt as reported on the annual financial and budget report to the audited financial statements.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>General Fund</u>	<u>2025 (budget)</u> <u>(note 2)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues and other financial sources	\$ 6,708,225	\$ 6,298,179	\$ 8,279,069	\$ 7,200,595
Expenditures	6,540,941	6,820,109	9,032,581	7,067,092
Other uses and transfers				
Total outgo	6,540,941	6,820,109	9,032,581	7,067,092
Change in fund balance	167,284	(521,930)	(753,512)	133,503
Ending fund balance	\$ 3,379,086	\$ 3,211,802	\$ 3,733,732	\$ 4,487,244
Available reserves (note 1)	\$ 542,600	\$ 514,921	\$ 302,348	\$ 143,624
Reserve for economic uncertainties	\$ -	\$ -	\$ -	\$ -
Undesignated/unassigned fund balance	\$ 542,600	\$ 514,921	\$ 302,348	\$ 143,624
Available reserves as a percentage of total outgo	8.3%	7.6%	3.3%	2.0%
Total long-term liabilities	\$ 1,493,606	\$ 1,545,027	\$ 1,392,916	\$ 934,715

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

The General Fund balance has decreased by \$1,275,442 over the past two fiscal years. The fiscal year 2024-25 budget projects an increase of \$167,284 in fund balance. For this size, the State recommends available reserve of at least 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The SELPA has incurred an operating deficit in two of the past three fiscal years and anticipates an operating surplus in the 2024-25 fiscal year. Total long-term liabilities has increased by \$610,312 over the past two fiscal years.

**Notes:**

- 1) Available reserves consist of all unassigned fund balances and reserved for economic uncertainties contained within the General Fund.
- 2) Budget 2025 is included for analytical purposes only and has not been subjected to audit.

**INDEPENDENT AUDITORS' 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 Governing Board  
Santa Barbara County Special Education Local Plan Area  
Goleta, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities and each major fund of the Santa Barbara County Special Education Local Plan Area (the SELPA) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SELPA's basic financial statements, and have issued our report thereon dated December 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the SELPA'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 SELPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SELPA's internal control.

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

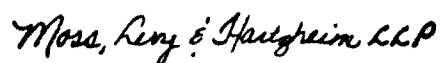
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SELPA'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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



Santa Maria, California  
December 13, 2024



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

To the Governing Board  
Santa Barbara County Special Education Local Plan Area  
Goleta, California

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

We have audited the Santa Barbara County Special Education Local Plan Area's (SELPA's) compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of SELPA's major federal programs for the fiscal year ended June 30, 2024. SELPA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of SELPA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SELPA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the SELPA's compliance.

**Opinion on Each Major Federal Program**

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

**Report on Internal Control**

Management of SELPA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SELPA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of SELPA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material*

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Moss, Levy & Hutzheim LLP*

Santa Maria, California  
December 13, 2024

## FINDINGS AND RECOMMENDATIONS SECTION

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	<u>  X  </u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> None reported	

**Federal Awards**

Internal control over major program:			
Material weaknesses identified?	_____ Yes	<u>  X  </u> No	
Significant deficiencies identified not considered to be material weakness	_____ Yes	<u>  X  </u> No	

Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
--	-------------------

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 200.516(a)	_____ Yes	<u>  X  </u> No
--	-----------	-----------------

**Identification of major programs**

<b><u>Name of Federal Program or Cluster</u></b>	<b><u>Federal Financial Assistance Listing Number</u></b>
Special Education (IDEA) Cluster	84.027, 84.173, 84.173A
Dollar threshold used to distinguish between Type A And type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2024

**Section I – Financial Statement Findings**

There were no financial statement findings.

# **SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

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

**JUNE 30, 2024**

### **Section II – Federal Award Findings and Questioned Costs**

There were no Federal award findings or questioned costs.

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2024

**Section I – Financial Statement Findings**

None reported

**SANTA BARBARA COUNTY SPECIAL EDUCATION LOCAL PLAN AREA**

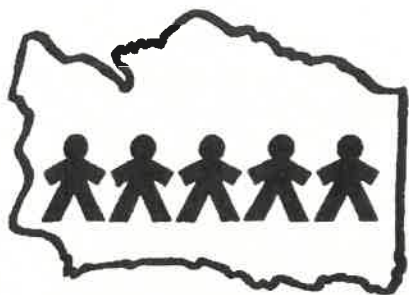
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

**Section II – Federal Award Findings and Questioned Costs**

None reported





**Santa Barbara County**  
**Special Education Local Plan Area**  
 A Joint Powers Agency

December 13, 2024

Moss, Levy & Hartzheim LLP

2400 Professional Parkway Ste. 205

Santa Maria, CA 93455

This representation letter is provided in connection with your audit(s) of the financial statements of Santa Barbara County Special Education Local Plan Area, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the fiscal year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 13, 2024, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 26, 2024 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements [or in the schedule of findings and questioned costs].

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Santa Barbara County Special Education Local Plan Area is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Santa Barbara County Special Education Local Plan Area from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Santa Barbara County Special Education Local Plan Area Joint Powers Agency Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Santa Barbara County Special Education Local Plan Area and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Santa Barbara County Special Education Local Plan Area's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the Santa Barbara County Special Education Local Plan Area's related parties and all the related party relationships and transactions, including any side agreements.

#### **Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The Santa Barbara County Special Education Local Plan Area has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have appropriately disclosed all information for conduit debt obligations in accordance with [GASBS No. 91](#).
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 28) The Santa Barbara County Special Education Local Plan Area has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Santa Barbara County Special Education Local Plan Area has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by [GASBS No. 84](#), as amended.
- 32) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 33) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the Santa Barbara County Special Education Local Plan Area's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: Ray Avila

*Ray Avila*

Ray Avila (Dec 12, 2024 15:53 PST)

Title: Executive Director

Signature: Rachel Wigle

*Rachel Wigle*

Title: Chief Business Official







# Govt Management Rep Ltr for signature

Final Audit Report

2024-12-12

Created:	2024-12-12
By:	Rachel Wigle (rwigle@sbcsepa.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAMevkeZe0hh2nOQKROBvfXDvT-rbPN9v6

## "Govt Management Rep Ltr for signature" History

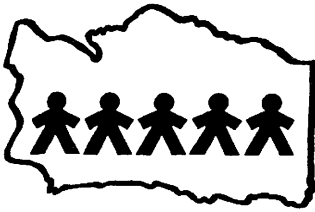
-  Document created by Rachel Wigle (rwigle@sbcsepa.org)  
2024-12-12 - 11:51:41 PM GMT- IP address: 98.97.56.8
-  Document emailed to ravila@sbcsepa.org for signature  
2024-12-12 - 11:52:06 PM GMT
-  Email viewed by ravila@sbcsepa.org  
2024-12-12 - 11:52:32 PM GMT- IP address: 104.47.74.126
-  Signer ravila@sbcsepa.org entered name at signing as Ray Avila  
2024-12-12 - 11:53:07 PM GMT- IP address: 72.205.89.58
-  Document e-signed by Ray Avila (ravila@sbcsepa.org)  
Signature Date: 2024-12-12 - 11:53:09 PM GMT - Time Source: server- IP address: 72.205.89.58
-  Agreement completed.  
2024-12-12 - 11:53:09 PM GMT



State of Florida  
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Seal of the State of Florida

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**Santa Barbara County**  
**Special Education Local Plan Area**  
A Joint Powers Agency

Date: December 18, 2024

To: SBCSELPA JPA Board

From: Rachel Wigle, Chief Business Official

Re: SBCSELPA Request for Qualifications and Proposals (RFQP) for the Search Firm Services for the Position of Executive Director

**BACKGROUND:**

- Dr. Ray Avila, current SBCSELPA Executive Director, announced to the JPA Board of his retirement at the November 4, 2024, JPA board meeting. This retirement will occur on June 30, 2025 at the completion of Dr. Avila's current employment contract.
- The new SBCSELPA Executive Director will begin on July 1, 2025. This start date is less than 7 months away. The search and hiring process could potentially have a better rate of success if implemented sooner rather than later.
- An RFQP implementation that begins after the new year will allow for a more successful hire of a new SBCSELPA Executive Director.

**FISCAL IMPACT:** None.

**RECOMMENDATION:** The JPA Board approves the Request for Qualifications and Proposals (RFQP) for Search Firm Services for the Position of Executive Director as presented.

RA/lm

**SANTA BARBARA COUNTY SELPA (SBCSELPA)**

**Request for Qualifications and Proposals**

**for**

**Search Firm Services**

**for the Position of Executive Director**

**Submissions and Information Contact:**

**Rachel Wigle  
Chief Business Official  
SBCSELPA  
5385 Hollister Ave Building 7  
Goleta, CA 93111  
Phone: (805) 683-1424  
rwigle@sbcselpa.org**

**Or  
Executive Assistant  
Lindsay MacDonald lmacdonald@sbcselpa.org**

From the period beginning on the date of the issuance of this RFP and ending on the date of the award of the contract, no Proposer, person, or entity, submitting in response to this RFP, nor any officer, employee, representative, agent, or consultant representing such Proposer shall contact through any means or engage in any discussion regarding this RFP, the evaluation or selection process/or the award of the contract with any member of the JPA Board, representatives, agents, selection members, other than the individual(s) specifically named herein. Any such contact shall be grounds for the disqualification of the Proposer submitting a response.

**SBCSELPA**

**TABLE OF CONTENTS**

**REQUEST FOR QUALIFICATIONS AND PROPOSALS  
FOR  
SEARCH FIRM SERVICES  
FOR THE POSITION OF EXECUTIVE DIRECTOR**

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**ATTACHMENTS:**

- 1) Non-discrimination Certification Form
- 2) Workers Compensation Certification Form
- 3) Non-Collusion Declaration Form

NOTE: The Table of Contents is to be made part of the above referenced RFP.



**SANTA BARBARA COUNTY SELPA (SBCSELPA)**  
**REQUEST FOR QUALIFICATIONS AND PROPOSALS**  
**FOR**  
**SEARCH FIRM SERVICES**  
**FOR THE POSITION OF EXECUTIVE DIRECTOR**

NOTICE is hereby given that the SANTA BARBARA COUNTY SELPA, Santa Barbara County, California, hereinafter referred to as the SBCSELPA, will receive up to, but no later than January 31, 2025 sealed proposals for the award of a contract for search firm services for the position of Executive Director.

Proposals shall be received by the SBCSELPA prior to **2:00 p.m. PST**, on **January 31, 2025** (the “RFP Deadline”), and will be received only at:

SANTA BARBARA COUNTY SELPA  
Attn: Rachel Wigle  
5385 Hollister Ave Building 7  
Goleta, CA 93111

RFP Proposals received after the RFP Deadline will not be accepted.

The SBCSELPA reserves the right to reject any or all proposals and to waive any informality in the proposed process.

**SELPA CONTACT**

Please direct any inquiries or questions to the attention of Rachel Wigle, Chief Business Official, e-mail: [rwigle@sbcselpa.org](mailto:rwigle@sbcselpa.org).

General information regarding the SBCSELPA is available via [www.sbcselpa.org](http://www.sbcselpa.org). Request for Information (RFI's) must be submitted no later than January 31, 2025 by 2:00 p.m. PST.

Rachel Wigle  
Chief Business Official  
SBCSELPA  
Publication: <https://www.sbcselpa.org/>

Publication Date: January 6, 2025

**TIMELINE**

The following is the anticipated timeline of events for this RFP. The SELPA may change the estimated dates and processes as deemed necessary.

TASK	DATE
Advertise for Consultants	January 6, 2025 - January 29, 2025
SBCSELPA JPA Board consideration	February 3, 2025

**END OF TIMELINE**

**INSTRUCTIONS & CONDITIONS ON NEXT PAGE**

## **INSTRUCTIONS & CONDITIONS**

### **PREPARATION AND SUBMISSION OF PROPOSAL**

**Proposals shall be submitted in three (3) ring binders. Please submit the following sets:**

- **Six (6) copies**
- **One (1) digital copy, on a readable device such as a flash drive.**

**All proposals submitted must be in sealed envelopes bearing on the outside the name of the consulting firm, the address, and the name of the project for which the proposal is submitted.**

It is the sole responsibility of each consulting firm to see that the proposal is received in proper time. Any proposal received after the scheduled closing time for receipt of proposals will be returned to the consulting firm unopened.

### **SIGNING OF PROPOSALS**

The signature of all persons signing shall be in longhand and executed by the person duly authorized to bind your firm under contract. The consulting firm's legal name shall be fully stated. Obligations assumed by such signature must be fulfilled.

### **QUALIFICATIONS**

All consulting firms may be required to furnish evidence of their technical ability, experience, and financial responsibility.

### **ALTERATION OR VARIATION OF TERMS**

It is mutually understood and agreed that no alteration or variation of the terms of this proposal or purchase order shall be valid unless made or confirmed in writing and signed by the parties hereto, and that no oral understanding or agreements not incorporated herein, and no alterations or variations of the terms hereof unless made or confirmed in writing between the parties hereto shall be binding on any of the parties hereto.

## **ASSIGNABILITY**

This contract is not assignable by the consulting firm either in whole or in part. The contract shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assignees of the respective parties hereto.

## **COMPLIANCE WITH STATUTE**

By responding to the Request for Proposal, the consulting firm hereby warrants that all applicable Federal and State statutes and regulations and/or local ordinances will be complied with in connection with the delivery of the services offered.

## **PRICE, TERMS, AND CONDITIONS**

Price, terms, and conditions of this proposal are valid for sixty (60) days, from date of proposal opening, unless the offering party in writing allows for a longer period of time.

## **MODIFICATIONS DURING THE RFP PROCESS**

If it becomes necessary for the SELPA to revise any part of this RFP, or to provide clarification or additional information after the RFP is released, the SBCSELPA shall issue a written Addendum that will be sent to each recipient of record for the original RFP. It shall be the responsibility of the offerors to inquire of the SELPA as to any Addenda or Clarifications issued. All Addenda issued shall become part of the RFP.

## **WITHDRAWAL OF PROPOSALS**

Consulting firms may withdraw their proposal either personally, by written request, or by telegraphic request confirmed in the manner specified above at any time prior to the scheduled closing time for receipt of proposals.

## **EVIDENCE OF RESPONSIBILITY**

Upon the request of the SELPA, a consulting firm whose proposal is under consideration for award may be required to submit promptly to the District's satisfaction evidence showing the consulting firm's financial resources, experience, and organization for the performance of the contract.

## **WORKER'S COMPENSATION**

In accordance with the provisions of Section 3700 of the Labor Code, the consulting firm shall secure the payment of compensation to employees. The consulting firm shall sign and file with the SELPA the following certificate prior to performing the work under this contract: "I am

aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract." The certificate is included herein.

### **NON-DISCRIMINATION**

1. The consulting firm shall comply with the SBCSELPA's policies, including but not limited to policies related to conflicts of interests and nondiscrimination.
2. The consulting firm shall sign the enclosed "Nondiscrimination Certification" form and submit it with the proposal.

### **INSURANCE REQUIREMENTS**

Consulting firm shall take out and maintain and shall require all subcontractors, if any, whether primary or secondary to take out and maintain:

1. Public Liability Insurance for injuries including accidental death to any one person in an amount not less than \$1,000,000;
2. Subject to the same limit for each person on account of one accident, in an amount not less than \$1,000,000;
3. Property Damage Insurance in an amount not less than \$500,000;
4. Worker's Compensation Insurance in an amount adequate to cover all employees;
5. Professional Liability Insurance (errors and omissions) in an amount not less than \$1,000,000; and
6. Automotive and truck insurance where operated in amounts as above.
7. Additional Insured Endorsements as applicable to required coverages.

### **SELPA RIGHTS AND OPTIONS**

The SELPA reserves the right to postpone selection for its own convenience, to withdraw this Request for Proposals at any time, and to reject any and all proposals without indicating any reason for rejection; or to negotiate with any, all, or none of the respondents to the RFP.

This RFP does not obligate the SBCSELPA to negotiate a contract. Proposals will not be returned. No compensation shall be paid for any work related to preparation of any proposals. SELPA also reserves the right to waive any minor irregularities in proposals submitted.

### **CONFLICT OF INTEREST**

Identify any current or former SBCSELPA employee, or relative of a SBCSELPA employee, employed or on the firm's governing board as of the date of the proposal. Include their position and responsibilities within the Consultant's organization. If, following a review of this information, it is determined by the SBCSELPA that a conflict of interest exists, the Consultant may be disqualified from further consideration for the award of a contract.

**END OF INSTRUCTIONS & CONDITIONS**

**SERVICE REQUIREMENTS ON NEXT PAGE**

**SANTA BARBARA COUNTY SELPA**  
**SERVICE REQUIREMENTS**  
**REQUEST FOR QUALIFICATIONS AND PROPOSALS**  
**FOR**  
**SEARCH FIRM SERVICES**  
**FOR THE POSITION OF EXECUTIVE DIRECTOR**

**INTRODUCTION**

At the direction of the SBCSELPA JPA BOARD, the SBCSELPA is inviting interested search firms to demonstrate their ability to provide assistance with the identification and recruitment of candidates for the position of Executive Director. The SBCSELPA will be selecting a search firm to provide the above-referenced services based on their areas of expertise, experience responses to the requirements of section of this RFP, and the interview process.

**CONTRACT TERM**

Contract award date by the SBCSELPA JPA BOARD through the successful hiring of an Executive Director.

**PROPOSAL REQUIREMENTS**

1. Detailed description of the process and all associated costs provided in an itemized format.  
Acknowledgement of adenda issued by the SBCSELPA.  
The selected search firm will work in collaboration with a SBCSELPA liaison. Some services may be provided by or in collaboration with the SBCSELPA liaison.
2. Timeline for the process.
3. Services:
  - 3.1 Assist Board with the development of a hiring profile that is informed by the community.
  - 3.2 Assist Board with advertising of the position.
  - 3.3 Assist Board with recruitment of high quality applicants that match the established profile.

- 3.4 Assist the Board with the facilitation of the applicant screening process.
- 3.5 Assist the Board with the facilitation of the interview process.
- 3.6 Conduct preliminary background check including degrees and credentials earned.
- 3.7 Solicit community input to inform the hiring profile through community meetings, surveys.
- 4. Management of an interview process for selected applicants.
- 5. Procedure Consultant will use to disclose to the SBCSELPA prior recruiting/ searches involving any candidate that is screened.
- 6. Samples of related materials (advertising, survey forms, reports, etc.).
- 7. Experience References:
  - 7.1 Background information about your firm.
  - 7.2 Describe searches conducted for SELPA organizations, school districts and County Offices of Education; include the average length of time the candidates remained on the jobs.
  - 7.3 Provide resumes of key members of the project team, specifically the team leader assigned to facilitate this proposal.
  - 7.4 Provide the names, addresses, phone numbers, and email address of three past or current clients who may be contacted to attest to your ability to perform the requested services.
- 8. Guarantee:
  - 8.1 What kind of guarantee does your firm provide in the event of an unsuccessful search?

## **SELECTION PROCESS**

Written responses will be evaluated and screened down to no more than three (3) consulting firms. Finalists shall be asked to meet with the SBCSELPA JPA BOARD for interviews. The Board will negotiate final terms conditions and pricing of the agreement with the selected firm.



## **EVALUATION FACTORS**

The evaluation of proposals and the basis of award will be based on the review and analysis of numerous factors, which will include, but not be limited to the scoring of items, the following items:

1. The consulting firm's detailed process for conducting the requested services.
2. The consulting firm's background, qualifications, experience and guarantee in providing work as identified in the Proposal Requirements section of this RFP.
3. The consulting firm's ability to deliver an effective community input process.
4. References of work done of a similar nature in California. Include the number of clients in California, number of years in education services, and all other factors that indicate the firm's commitment to perform satisfactorily, including responsiveness and availability.
5. Costs, including hourly rates for all levels of service, different personnel costs, travel time cost, and all associated costs for support services of work processing, copying etc. All costs must be identified in your proposal. All costs are negotiable until contract signing. Suggestions: consulting firms are encouraged to offer cost reduction suggestions.

## **SUBMITTALS**

### **INCLUDE THE FOLLOWING INFORMATION IN YOUR SEALED RESPONSE:**

1. Company profile information as described in the Proposal Requirements section, with acknowledgement of addenda issued by the SBCSELPA;
2. Search process description;
3. Qualifications of personnel;
4. References;
5. All appropriate Attachment Forms; and
6. Other pertinent data (cost savings suggestions, communications plans, etc.)

## **END OF SERVICE REQUIREMENTS**

***THANK YOU FOR PARTICIPATING IN THE SELPA's PROCESS!***

**ATTACHMENTS ON NEXT PAGES**

**SANTA BARBARA COUNTY SELPA**  
**REQUEST FOR QUALIFICATIONS AND PROPOSALS**  
**FOR**  
**SEARCH FIRM SERVICES**  
**FOR THE POSITION OF EXECUTIVE DIRECTOR**

**NONDISCRIMINATION CERTIFICATION**

I am aware of and hereby certify that Contractor shall comply with Section 1735 of the Labor Code, which provides as follows:

No discrimination shall be made in the employment of persons upon public works because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, handicap, medical condition, marital status, or gender of such persons, except as provided in Section 12940 of the Government Code, and every contractor for public works violating this Section is subject to all the penalties imposed for a violation of [Chapter 1 of Part 7, Division 2 of the Labor Code].

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**REQUEST FOR QUALIFICATIONS AND PROPOSALS  
FOR  
SEARCH FIRM SERVICES  
FOR THE POSITION OF EXECUTIVE DIRECTOR  
  
WORKERS' COMPENSATION CERTIFICATION**

Labor Code section 3700 in relevant part provides:

Every employer except the State shall secure the payment of compensation in one or more of the following ways:

- (a) By being insured against liability to pay compensation in one or more insurers duly authorized to write compensation insurance in this State.
- (b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his employees.

I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company

(In accordance with article 5 (commencing at section 1860), chapter 1, part 7, division 2 of the Labor Code, the above certificate must be signed and filed with the awarding body prior to performing any work under this contract.)

**REQUEST FOR QUALIFICATIONS AND PROPOSALS  
FOR  
SEARCH FIRM SERVICES  
FOR THE POSITION OF EXECUTIVE DIRECTOR**

**NON-COLLUSION DECLARATION**

Project: \_\_\_\_\_

I, \_\_\_\_\_, declare that I am the \_\_\_\_\_ of \_\_\_\_\_, the party making the foregoing proposal, that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the proposer has not directly or indirectly induced or solicited any other proposer to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any proposer or anyone else to put in a sham proposal, or that anyone shall refrain from proposing; that the proposer has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the proposer or any other proposer, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other proposer, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the proposer has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Company Name \_\_\_\_\_

Company Address \_\_\_\_\_

Signature of Officer \_\_\_\_\_

Title \_\_\_\_\_

*Notary for Non-Collusion Declaration on Next Page . .*

**NOTARY FOR NON-COLLUSION DECLARATION**

Subscribed and sworn to (or affirmed) before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary

[SEAL OF NOTARY]

\_\_\_\_\_  
Typed Name of Notary

**END OF NON-COLLUSION DECLARATION**