



SCHOOL EMPLOYERS ASSOCIATION OF CALIFORNIA

Financial Statements
and
Independent Auditors' Report

For the Year Ended June 30, 2025



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School Employers Association of California

Table of Contents
For the Year Ended June 30, 2025

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet - Governmental Funds	5
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position - Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	7
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	14
Notes to Required Supplementary Information	15

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Board of Directors
School Employers Association of California
Carlsbad, CA

Independent Auditors' Report

Opinion

We have audited the financial statements of the governmental activities of School Employers Association of California, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise School Employers Association of California's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities of School Employers Association of California as of June 30, 2025, and the respective changes in its financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the State Controller's Minimum Audit Requirements and Reporting guidelines for California Special Districts. 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 School Employers Association of California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about School Employers Association of California's ability to continue as a going concern for twelve months beyond the financial statements 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, 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 School Employers Association of California's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School Employers Association of California'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and Notes to Required Supplementary Information on pages 14-15, be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on the information.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

February 2, 2026
Redlands, CA

School Employers Association of California

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 725,161
Accounts receivable (net)	89,523
Total current assets	814,684
Non-current assets	
Total non-current assets	-
Total Assets	814,684
Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	\$ 814,684
Liabilities	
Current liabilities	
Accounts payable	\$ 18,102
Total current liabilities	18,102
Long-term liabilities	
Total long-term liabilities	-
Total Liabilities	18,102
Deferred Inflows of Resources	-
Net Position	
Unrestricted	796,582
Total Net Position	796,582
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 814,684

School Employers Association of California

Statement of Activities

For the Year Ended June 30, 2025

	Governmental Activities
Program Services	
Program Expenses	
Membership	\$ 41,535
Conferences and workshops	58,683
Consulting	5,103
Governmental relations	30,000
Other expenses	19,189
	154,510
Total Program Expenses	154,510
Program Revenues	
Charges for services	
Membership	225,180
Conferences and workshops	96,010
Consulting	707,093
Other revenue	30,562
	1,058,845
Total Program Revenues	1,058,845
Net program revenue/(expenses)	904,335
Supporting Services	
Supporting Services Expenses	
General administration	727,827
	727,827
Total Governmental Activities	727,827
Change in net position	176,508
Net Position - Beginning	620,074
Net Position - Ending	\$ 796,582

School Employers Association of California

Balance Sheet - Governmental Funds

June 30, 2025

	General Fund	Total Governmental Funds
Assets		
Current assets		
Cash and cash equivalents	\$ 725,161	\$ 725,161
Accounts receivable, net	89,523	89,523
Other assets	-	250
Total current assets	814,684	814,934
Total Assets	814,684	814,934
 Deferred Outflow of Resources	-	-
 Total Assets and Deferred Outflow of Resources	\$ 814,684	\$ 814,934
 Liabilities		
Current liabilities		
Accounts payable	\$ 18,102	\$ 18,102
Total Liabilities	18,102	18,102
 Deferred Inflow of Resources	-	-
 Fund Balance		
Unassigned	796,582	796,582
Restricted	-	-
Total Fund Balance	796,582	796,582
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 814,684	\$ 814,684

School Employers Association of California
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
Governmental Funds
For the Year Ended June 30, 2025

Fund balance of governmental funds	\$ 814,684
No reconciling items	-
Net assets of governmental activities	<u>\$ 814,684</u>

School Employers Association of California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Total Governmental Funds
Revenues		
Membership	\$ 225,180	\$ 225,180
Conferences and workshops	96,010	96,010
Consulting	707,093	707,093
Other revenue	30,562	30,562
Total Revenues	1,058,845	1,058,845
Expenditures		
Membership	41,535	41,535
Conferences and workshops	58,683	58,683
Consulting	5,103	5,103
Governmental relations	30,000	30,000
Supporting services:		
General administration	727,827	727,827
Other expenses	19,189	19,189
Total Expenditures	882,337	882,337
Excess of Revenues over (Under) Expenditures	176,508	176,508
Net Change in Fund Balances	176,508	176,508
 Fund Balance - Beginning of Year	 620,074	 620,074
Fund Balance - End of Year	\$ 796,582	\$ 796,582

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

Net change in fund balances of governmental funds	\$ 796,582
No reconciling items	-
Change in net assets of governmental activities	<u>\$ 796,582</u>

1. Reporting Entity

On July 1, 2002, Joint Powers Agreement (JPA) was signed by participating K-12 public school, community college district, and county offices of education to create School Employers Association of California (SEAC). The purpose of this JPA is to provide collective bargaining, personnel, and human resource services to member agencies. Generating membership fees based on each member agency's size, the JPA conducts research, training, and provides advocacy services. Memberships also includes publications such as the SEAC Reporter.

2. Summary of Significant Accounting Policies

Accounting Policies

The accounting policies of SEAC conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Measurement Focus and Basis of Accounting

The accounts of School Employers Association of California 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 separate set of self-balancing accounts that compromise its assets, liabilities, fund equity, revenues, and expenditures: SEAC resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled, The JPA accounts are organized into one fund. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the funds are recorded on its statement of net position, and under the full accrual basis of accounting.

Under this basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund

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

Government-Wide Financial Statements

SEAC's government-wide financial statements include statements of net position and a statement of activities. These statements present summaries of governmental activities for SEAC.

The reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the financial statements. The governmental funds is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred.

Capital asset acquisitions are reported as expenditures in the governmental fund.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

SEAC considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition.

Employee Compensated Absences

As of August 2010, the employees of the JPA no longer receive paid vacation, therefore, compensated absences were not accrued.

Accounts Receivable

Accounts receivable represent consideration from JPA agreements, of which SEAC has an unconditional right to receive. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

SEAC has formally adopted a capitalization policy of \$500 for furniture and equipment, lesser amounts are expensed. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Furniture and equipment are depreciated using the straight-line method over 3 - 5 years.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contribution of capital. Net position is classified in the following three components:

Investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations, of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net position of SEAC that is not restricted for any project or other purpose and not invested in capital assets.

Fund Balance

SEAC has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned. These components of fund balance are reported primarily to indicate the extent to which SEAC is bound to honor constraint on the specific purposes for which amounts in the fund can be spent.

- 1) Non-Spendable Fund Balance: Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form.
- 2) Restricted Fund Balance: Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.
- 3) Committed Fund Balance: Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action (resolution) of the government's highest level of decision making. The formal action must occur prior to the end of the reporting period; however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.
- 4) Assigned Fund Balance: Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. This intent must be expressed by the Board of Directors.
- 5) Unassigned Fund Balance: The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less non-spendable, restricted, committed, or assigned equals unassigned fund balance.

3. Cash and Investments

As of June 30, 2025, cash and investments are reported in SEAC's financial statement as cash and cash equivalents in the amount of \$725,161.

Cash balances held in banks are insured up to \$250,000 or unlimited for non-interest-bearing transaction accounts by the Federal Depository Insurance Corporation. As of June 30, 2025, there was no uninsured cash.

Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the **Investment Types** that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address **Interest Rate Risk, Credit Risk, and Concentration Credit Risk**. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or SEAC’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of * Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Disclosure 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.

Disclosure 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 a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of SEAC 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 represents 5% or more of total SEAC 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 SEAC’s investment policy do not contain legal or policy requirement 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 deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure SEAC deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposit.

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 SEAC’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, 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 a mutual fund or government investment pool.

4. Composition of Accounts Receivable

The balance shown as accounts receivable consists of the following items:

Member dues	\$ 260,036
Allowance for bad debt	<u>(170,513)</u>
Net accounts receivable	<u>\$ 89,523</u>

5. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes.

Management evaluated the activity of the JPA through February 2, 2026, the date the financial statements were available to be issued), and concluded that there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

School Employers Association of California

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Pos (Neg)</u>
Revenues				
Membership	\$ 287,204	\$ 287,204	\$ 225,180	\$ 62,024
Conferences and workshops	96,250	96,250	96,010	240
Consulting	863,537	863,537	707,093	156,444
Other revenue	85,770	85,770	30,562	55,208
Total Revenues	<u>1,332,761</u>	<u>1,332,761</u>	<u>1,058,845</u>	<u>273,916</u>
Expenditures				
Banking	15,000	15,000	8,665	6,335
Workshops	48,120	48,120	58,683	(10,563)
Audit	10,100	10,100	7,800	2,300
Governmental relations	30,000	30,000	30,000	-
Contracted services	50,000	50,000	158	49,842
Direct services	539,747	539,747	433,074	106,673
Insurance	1,834	1,834	4,262	(2,428)
Mileage	15,872	15,872	7,541	8,331
Marketing/repro	6,450	6,450	5,530	920
Miscellaneous expense	1,005	1,005	1,428	(423)
Office supplies	998	998	244	754
Payroll wages	201,234	201,234	255,648	(54,414)
Professional services	4,817	4,817	5,106	(289)
Staff travel expense	14,457	14,457	7,953	6,504
Telecommunications	7,719	7,719	10,837	(3,118)
Payroll taxes	15,730	15,730	20,859	(5,129)
Expense reimbursement	19,365	19,365	3,655	15,710
Computers	271	271	-	271
Other expenses	2,510	2,510	19,189	(16,679)
Advertising	1,539	1,539	1,620	(81)
Postage and delivery	-	-	85	(85)
Total Expenditures	<u>986,768</u>	<u>986,768</u>	<u>882,337</u>	<u>104,431</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	345,993	345,993	176,508	378,347
OTHER FINANCING SOURCES AND (USES)				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	-
Net Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	345,993	345,993	176,508	378,347
FUND BALANCE - BEGINNING OF YEAR	620,074	620,074	620,074	-
FUND BALANCE - END OF YEAR	<u>\$ 966,067</u>	<u>\$ 966,067</u>	<u>\$ 796,582</u>	<u>\$ 378,347</u>

1. Purpose of Schedule

Budgetary Comparison Schedules are required by GASB Codification Section 2200.182 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on SEAC's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.