REED UNION SCHOOL DISTRICT
COUNTY OF MARIN
TIBURON, CALIFORNIA

AUDIT REPORT

JUNE 30, 2025

REED UNION SCHOOL DISTRICT

JUNE 30, 2025

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Reed Union School District
Tiburon, California

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reed Union School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Bond Interest & Redemption Fund	Unmodified
Granada Lease Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the District, as of June 30, 2025 or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Reed Union School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. The effects of not including the District's legally separate component unit on the discretely presented component unit have not been determined.

<u>Responsibilities of Management for the Financial Statements</u>

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

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

<u>Auditor's Responsibilities for the Audit of the Financial Statements</u>

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Reed Union School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Reed Union School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of OPEB contributions, schedule of OPEB investment returns, schedules of the proportionate share of the net pension liabilities, and schedules of 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Auditor's Responsibilities for the Audit of the Financial Statements (Concluded)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Reed Union School District’s basic financial statements. The accompanying combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements and supporting schedules 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 combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the organization/board of trustees/administration but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2025, on our consideration of Reed Union School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Reed Union School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Reed Union School District’s internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

This section of Reed Union School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 4, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 21, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- The District's overall financial status improved during the course of the year, as total net position increased $3,517,880, an increase of 21.1%.
- Due to the current year level of allocated property tax revenues, the District continued to receive LCFF funding under the basic aid provision.
- Net capital assets decreased $1,684,160 due to the current year addition of $42,180 of new capital assets and improvements, and the current year recognition of $1,726,340 of depreciation expense.
- Total long-term liabilities decreased $4,070,637, due primarily to current year reductions of the District's outstanding general obligation bonds and net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA) decreased from 995 ADA in fiscal year 2023-24, down to 988 ADA in fiscal year 2024-25, a decrease of less than 1%.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4%. During fiscal year 2024-25, General Fund expenditures and other financing uses totaled $30,638,077. At June 30, 2025, the District had available reserves of $12,378,800 in the General Fund, which represents a reserve of 40.4%.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.

THE FINANCIAL REPORT (CONCLUDED)

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

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

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities all amounts presented represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular education and administration are included here, and are primarily financed by property taxes and state formula aid.

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds:

The major governmental funds of the Reed Union School District are the General Fund, Bond Interest and Redemption Fund and Granada Lease Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's overall financial status improved during the course of the year, as total net position increased 21.1%.

Comparative Statement of Net Position

	Governmental Activities	
	2024	2025
Assets		
Deposits and Investments	$ 20,713,112	$ 21,982,383
Receivables	1,319,429	660,670
Prepaid Expenses	165	0
Capital Assets, net	31,392,528	29,708,368
Total Assets	53,425,234	52,351,421
Deferred Outflow of Resources:		
OPEB Deferrals	266,925	193,914
Pension Deferrals	6,629,239	6,497,955
Total Deferred Outflow of Resources	6,896,164	6,691,869
Liabilities		
Current	4,630,811	4,861,192
Long-term	33,264,251	28,892,337
Total Liabilities	37,895,062	33,753,529
Deferred Inflows of Resources		
OPEB Deferrals	1,699,205	1,357,226
Pension Deferrals	4,050,523	3,738,047
Total Deferred Inflows of Resources	5,749,728	5,095,273
Net Position		
Net Investment in Capital Assets	17,045,797	17,991,750
Restricted	8,301,546	5,278,765
Unrestricted (Deficit)	(8,670,735)	(3,076,027)
Total Net Position	$ 16,676,608	$ 20,194,488

Table includes financial data of the combined governmental funds.

The unrestricted deficit balance is due primarily to the requirement for the District to record a liability in the financial statements to reflect the net OPEB liability and the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The District's total current year revenues exceeded total current year expenses by $3,517,880.

Comparative Schedule of Changes in Net Position

	Governmental Activities	
	2024	2025
Program Revenues		
Charges for Services	$ 1,028	$ 79,097
Operating Grants & Contributions	5,217,863	4,866,325
General Revenues		
Taxes Levied	26,142,166	27,386,293
Federal & State Aid	780,614	691,196
Interest & Investment Earnings	813,417	808,044
Other Revenues	1,550,360	1,411,880
Total Revenues	34,505,448	35,242,835
Expenses		
Instruction	17,856,656	18,579,410
Instruction-Related Services	2,964,846	2,764,925
Pupil Services	2,511,566	2,273,427
General Administration	2,636,632	3,234,133
Plant Services	3,563,517	4,329,080
Other Expenses	840,364	543,980
Total Expenses	30,373,581	31,724,955
Changes in Net Position	$ 4,131,867	$ 3,517,880

Table includes financial data of the combined governmental funds.

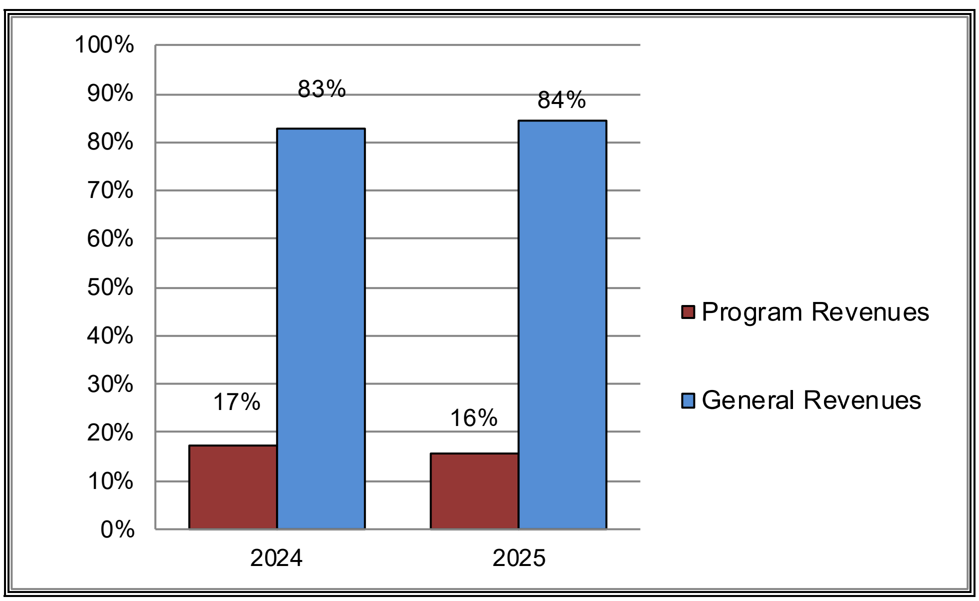
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2024	2025	2024	2025
Instruction	$ 17,856,656	$ 18,579,410	$ 14,090,204	$ 14,748,972
Instruction-Related Services	2,964,846	2,764,925	2,651,453	2,593,588
Pupil Services	2,511,566	2,273,427	1,550,996	1,512,054
General Administration	2,636,632	3,234,133	2,610,222	3,198,167
Plant Services	3,563,517	4,329,080	3,558,769	4,303,477
Other Expenses	840,364	543,980	693,046	423,275
Totals	$ 30,373,581	$ 31,724,955	$ 25,154,690	$ 26,779,533

Table includes financial data of the combined governmental funds.

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $26,779,533 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



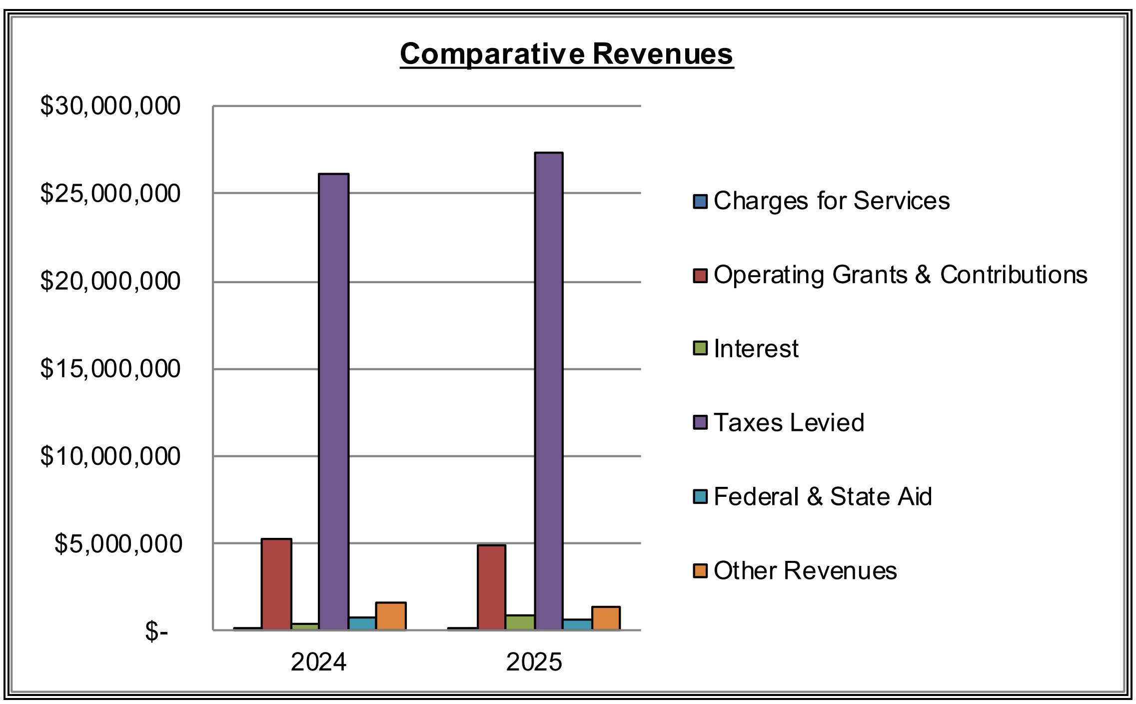
In 2024-25, program revenues financed 16% of the total cost of providing the services listed above, while the remaining 84% was financed by the general revenues of the District.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2024 Amount	Percent of Total	FYE 2025 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 1,028	0.00%	$ 79,097	0.22%
Operating Grants & Contributions	5,217,863	15.12%	4,866,325	13.81%
General Revenues				
Taxes Levied	26,142,166	75.76%	27,386,293	77.71%
Federal & State Aid	780,614	2.26%	691,196	1.96%
Interest	813,417	2.36%	808,044	2.29%
Other Revenues	1,550,360	4.49%	1,411,880	4.01%
Total Revenues	$ 34,505,448	100.00%	$ 35,242,835	100.00%

Table includes financial data of the combined governmental funds.



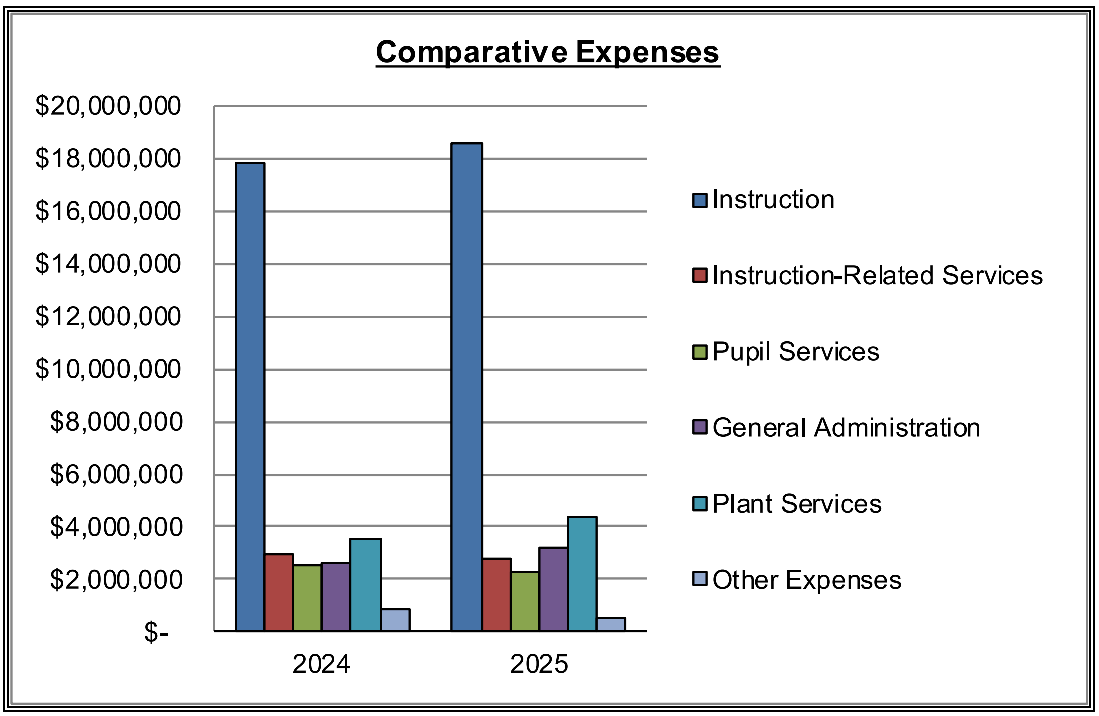
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2024 Amount	Percent of Total	FYE 2025 Amount	Percent of Total
Expenses				
Instruction	$ 17,856,656	58.79%	$ 18,579,410	58.56%
Instruction-Related Services	2,964,846	9.76%	2,764,925	8.72%
Pupil Services	2,511,566	8.27%	2,273,427	7.17%
General Administration	2,636,632	8.68%	3,234,133	10.19%
Plant Services	3,563,517	11.73%	4,329,080	13.65%
Other Expenses	840,364	2.77%	543,980	1.71%
Total Expenses	$ 30,373,581	100.00%	$ 31,724,955	100.00%

Table includes financial data of the combined governmental funds.



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2024	2025
Land	$ 2,049,951	$ 2,049,951
Sites and Improvements	10,417,276	10,448,136
Buildings and Improvements	54,961,650	54,961,650
Furniture and Equipment	252,771	294,166
Construction-in-Progress	30,075	0
Subtotals	67,711,723	67,753,903
Less: Accumulated Depreciation	(36,319,195)	(38,045,535)
Capital Assets, net	$ 31,392,528	$ 29,708,368

Net capital assets decreased $1,684,160 due to the current year addition of $42,180 of new capital assets and improvements, and the current year recognition of $1,726,340 of depreciation expense.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2024	2025
Compensated Absences	$ 203,399	$ 354,567
General Obligation Bonds	12,610,000	10,115,000
Bond Premium	1,600,890	1,326,973
Note Payable	135,841	274,645
Early Retirement Incentives	44,412	0
Net OPEB Liability	1,707,657	1,503,477
Net Pension Liabilities	20,062,398	18,719,298
Totals	$ 36,364,597	$ 32,293,960

The general obligation bonds are financed by the local taxpayers and represent 35.4% of the District's total long-term liabilities, the net OPEB liability represents 4.7%, and the net pension liabilities represent 58.0%. The District has satisfied all debt service requirements on its bonded debt and continues to maintain an excellent credit rating on its debt issue. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2024	Fund Balances June 30, 2025	Increase (Decrease)
General	$ 14,204,255	$ 14,336,615	$ 132,360
Bond Interest & Redemption	3,124,010	3,225,915	101,905
Granada Lease	2,432,128	2,818,760	386,632
Cafeteria	137,225	197,869	60,644
Student Activity	35,437	29,253	(6,184)
Capital Facilities	113,656	46,970	(66,686)
Capital Projects - Special Reserve	697,879	723,531	25,652
Totals	$ 20,744,590	$ 21,378,913	$ 634,323

The fund balance of the General Fund increased $132,360, and the combined fund balances of all other governmental funds increased $501,963.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures, and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2025-26 May Revision to California's state budget, released by Governor Gavin Newsom in May 2025, maintains funding for key K-12 education programs despite a $12 billion shortfall in state revenues. The revised budget proposes $114.6 billion in minimum funding for TK-12 and community colleges under Proposition 98, down from $118.9 billion in 2024-25, but ensures schools receive a 2.3% cost-of-living adjustment (COLA) and no overall cuts to their base funding. To manage the shortfall, the state intends to draw $540 million from the Proposition 98 rainy day fund and defer $1.8 billion in school payments from June to July 2026. The state also projects that it will be facing increasingly large annual deficits over the next five years. These operating deficits represent budget problems the Legislature would need to address in the coming years, either by reducing spending, increasing revenues, continuing to shift costs, or drawing down its reserves even further, which will likely result in less funding for local educational agencies.

Accordingly, based on the above factors and projections, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Reed Union School District, 277A Karen Way, Tiburon, California 94920.

BASIC FINANCIAL STATEMENTS

REED UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets	
Current Assets:	
Deposits and Investments (Note 2)	$ 21,982,383
Receivables (Note 3)	660,670
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	2,049,951
Capital Assets, Net	27,658,417
Total Assets	52,351,421
Deferred Outflows of Resources	
OPEB Deferrals (Note 8)	193,914
Pension Deferrals (Note 9)	6,497,955
Total Deferred Outflows of Resources	6,691,869
Liabilities	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	1,159,964
Accrued Interest Payable	195,429
Unearned Revenue (Note 1H)	104,176
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences	354,567
General Obligation Bonds	
Current Interest	2,615,000
Bond Premium	273,917
Notes Payable	158,139
Portion Due or Payable After One Year:	
General Obligation Bonds (Note 6)	
Current Interest	7,500,000
Bond Premium	1,053,056
Notes Payable (Note 7)	116,506
Net OPEB Liability (Note 8)	1,503,477
Net Pension Liabilities (Note 9)	18,719,298
Total Liabilities	33,753,529
Deferred Inflows of Resources	
OPEB Deferrals (Note 8)	1,357,226
Pension Deferrals (Note 9)	3,738,047
Total Deferred Inflows of Resources	5,095,273
Net Position	
Net Investment in Capital Assets	17,991,750
Restricted:	
For Capital Projects	46,225
For Debt Service	2,992,150
For Educational Programs	1,753,381
For Other Purposes	487,009
Unrestricted	(3,076,027)
Total Net Position	$ 20,194,488

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

REED UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 18,579,410	$ 77,359	$ 3,753,079		$ (14,748,972)
Instruction-Related Services:					
Supervision of Instruction	1,754,953	125	161,805		(1,593,023)
Instructional Library and Technology	404,747		9,407		(395,340)
School Site Administration	605,225				(605,225)
Pupil Services:					
Home-to-School Transportation	723,107	43	37,093		(685,971)
Food Services	609,189		615,165		5,976
Other Pupil Services	941,131	45	109,027		(832,059)
General Administration:					
Data Processing Services	1,014,055				(1,014,055)
Other General Administration	2,220,078	462	35,504		(2,184,112)
Plant Services	4,329,080	1,044	24,559		(4,303,477)
Ancillary Services	56,689		22,537		(34,152)
Interest on Long-Term Debt	214,118				(214,118)
Other Outgo	273,173	19	98,149		(175,005)
Total Governmental Activities	$ 31,724,955	$ 79,097	$ 4,866,325	$ 0	(26,779,533)
General Revenues					
Taxes Levied for General Purposes					21,738,375
Taxes Levied for Debt Service					3,063,121
Taxes Levied for Specific Purposes					2,584,797
Federal and State Aid - Unrestricted					691,196
Interest and Investment Earnings					808,044
Transfers from Other Agencies					8,446
Miscellaneous					1,403,434
Total General Revenues					30,297,413
Change in Net Position					3,517,880
Net Position - July 1, 2024					16,676,608
Net Position - June 30, 2025					$ 20,194,488

REED UNION SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Bond Interest and Redemption	Granada Lease	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and Investments (Note 2)	$ 15,381,287	$ 3,225,915	$ 2,406,049	$ 969,132	$ 21,982,383
Receivables (Note 3)	509,025		55,165	96,480	660,670
Due from Other Funds (Note 4)			470,000		470,000
Total Assets	$ 15,890,312	$ 3,225,915	$ 2,931,214	$ 1,065,612	$ 23,113,053
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$ 1,031,667		$ 60,308	$ 67,989	$ 1,159,964
Due to Other Funds (Note 4)	470,000				470,000
Unearned Revenue (Note 1H)	52,030		52,146		104,176
Total Liabilities	1,553,697		112,454	67,989	1,734,140
Fund Balances: (Note 12)					
Nonspendable	183,615	$ 38,336	28,593	11,169	261,713
Restricted	1,753,381	3,187,579		271,521	5,212,481
Committed	6,967,189				6,967,189
Assigned	20,819		2,790,167	714,933	3,525,919
Unassigned	5,411,611				5,411,611
Total Fund Balances	14,336,615	3,225,915	2,818,760	997,623	21,378,913
Total Liabilities and Fund Balances	$ 15,890,312	$ 3,225,915	$ 2,931,214	$ 1,065,612	$ 23,113,053

REED UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 21,378,913
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 67,753,903	
Accumulated Depreciation	(38,045,535)	
Net		29,708,368
Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. The net of deferred outflows and inflows was:		(1,163,312)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. The net of deferred outflows and inflows was:		2,759,908
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:		
Compensated Absences	$ 354,567	
General Obligation Bonds:		
Current Interest	10,115,000	
Bond Premium	1,326,973	
Notes Payable	274,645	
Net OPEB Liability	1,503,477	
Net Pension Liabilities	18,719,298	
Total		(32,293,960)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(195,429)
Total Net Position - Governmental Activities		$ 20,194,488

REED UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Bond Interest and Redemption	Granada Lease	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
LCFF Sources:					
State Apportionment / Transfers	$ 189,481				$ 189,481
Local Taxes	21,738,375				21,738,375
Total LCFF Sources	21,927,856				21,927,856
Federal Revenue	262,805			$ 105,596	368,401
State Revenue	1,948,829	$ 4,627		506,474	2,459,930
Local Revenue	6,284,999	3,123,729	$ 1,043,252	34,668	10,486,648
Total Revenues	30,424,489	3,128,356	1,043,252	646,738	35,242,835
Expenditures					
Current:					
Instruction	18,606,619				18,606,619
Supervision of Instruction	1,823,332				1,823,332
Instructional Library and Technology	394,787				394,787
School Site Administration	813,187				813,187
Home-To-School Transportation	723,107				723,107
Food Services	50,441			559,286	609,727
Other Pupil Services	979,810				979,810
Data Processing Services	958,108				958,108
Other General Administration	2,122,925			6,420	2,129,345
Plant Services	3,622,462		656,620	39,106	4,318,188
Facilities Acquisition and Construction	30,860				30,860
Ancillary Services	28,618			28,500	57,118
Other Outgo	73,173				73,173
Debt Service:					
Principal Retirement	207,144	2,495,000			2,702,144
Interest and Issuance Costs	3,504	531,451			534,955
Total Expenditures	30,438,077	3,026,451	656,620	633,312	34,754,460
Excess of Revenues Over (Under) Expenditures	(13,588)	101,905	386,632	13,426	488,375
Other Financing Sources (Uses)					
Other Sources	345,948				345,948
Transfer to OPEB Trust	(200,000)				(200,000)
Total Other Financing Sources (Uses)	145,948	0	0	0	145,948
Net Change in Fund Balances	132,360	101,905	386,632	13,426	634,323
Fund Balances - July 1, 2024	14,204,255	3,124,010	2,432,128	984,197	20,744,590
Fund Balances - June 30, 2025	$ 14,336,615	$ 3,225,915	$ 2,818,760	$ 997,623	$ 21,378,913

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

REED UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds		$ 634,323
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlay Expenditures	$ 42,180	
Depreciation Expense	(1,726,340)	
Net		(1,684,160)
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(345,948)
Bond premiums: In governmental funds, bond premiums are recognized as Other Financing Sources in the period they are received. In the government-wide statements, bond premiums are amortized over the life of the debt. Premiums amortized for the period were:		273,917
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		
General Obligation Bonds	$ 2,495,000	
Notes Payable	207,144	
Total		2,702,144
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was:		(151,168)
Early Retirement Incentives: In governmental funds, early retirement incentives are measured by the amounts paid during the period. In the statement of activities, early retirement incentives are measured by the amounts earned. The difference between early retirement incentives paid and early retirement incentives earned was:		44,412
Other post employment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		473,148
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owed from the prior period, was:		46,920
Pension liabilities: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pensions costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:		1,524,292
Change in Net Position of Governmental Activities		$ 3,517,880

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Reed Union School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Trustees elected by registered voters of the District, which comprises an area in Marin County. The District serves students in kindergarten through grade eight.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

The nucleus of a financial reporting entity is usually a primary government. Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, defines a *primary government* as any state government, general-purpose local government, or special-purpose government that meets all of the following criteria:

- It has a separately elected governing body
- It is legally separate
- It is fiscally independent of other state and local governments

The primary government consists of all funds that make up the legal entity. The primary government also consists of funds for which it has a fiduciary responsibility, even though those funds may represent organizations that do not meet the definition for inclusion in the financial reporting entity.

Component units include legally separate organizations (whether governmental, not-for-profit, or for-profit organizations) for which elected officials of the primary government are financially accountable. A primary government is financially accountable if it appoints a voting majority of the organization's governing body and *(a)* it is able to impose its will on that organization or *(b)* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has *(a)* a separately elected governing board, *(b)* a governing board appointed by a higher level of government, or *(c)* a jointly appointed board. The primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

In addition, GASB 61 also requires certain organizations to be included as component units if the nature and significance of their relationship with the primary government are such that excluding them would cause the financial reporting entity's financial statements to be misleading. Based on the GASB 61 criteria and definitions, the District is the primary government and there are no material potential component units which should be included in the Financial Reporting Entity in these financial statements.

GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if all of the following criteria are met:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that the Foundation for Reed Schools (the Foundation), a non-profit, public benefit corporation, meets the criteria set forth in GASB 39. However, since the Foundation does not issue audited financial statements, the financial statements of the District include only the financial data of the primary government, which consists of all funds that comprise the District's legal entity, and all funds for which it has a fiduciary responsibility. The financial statements do not include financial data of the Foundation, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government. As a result, these financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Financial Reporting Entity, or the respective changes in its financial position.

The District has determined that the cost of including audited financial data, of its legally separate component unit, in the financial statements of the District, exceeds the benefits to be received by including such data. In addition, since the District's various oversight agencies do not require such data to be included, the District has elected to omit such data from its financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non-fiduciary activities of the District. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs 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 District'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 District 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 District, 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 District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. 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 non-major 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 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenues - 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. Under 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 District, “available” means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available as collectible within one year.

Non-exchange transactions, in which the District 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 year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District 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 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.

Expenses/Expenditures:

On an 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 expenditures 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 District’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

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

General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the fund's specified purpose.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's funds are organized into major and non-major, as follows:

Major Governmental Funds:

General Fund is the general operating fund of the District. For financial reporting purposes the financial activities and balances of the Deferred Maintenance Fund have been included within the General Fund presentation.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for the repayment of District bonds, interest, and related costs.

Granada Lease Fund is used to account for proceeds realized from the leasing of Granada School. The net income derived from leasing operations is transferred to the General Fund.

Non-major Governmental Funds:

Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program.

Student Activity Fund is to account for the raising and expending of money to promote the general welfare and educational experience of the student body.

Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Capital Projects - Special Reserve Fund is used to account for proceeds realized from the sale of District property. Amounts held in this fund are used for capital outlay purposes.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 District'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 District's governing board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 59.

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. 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.

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Concluded)

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 FDIC or are collateralized.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations. Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. Prepaid Expenses/Expenditures

Prepaid expenses/expenditures represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred. Reported prepaid expense/expenditures are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

3. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Years
Sites and Improvements	7-36
Buildings and Improvements	20-50
Furniture and Equipment	6-10

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

5. Unearned Revenue

Cash received for federal, and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes liabilities for certain compensated absences, such as vacation and sick leave, when employees earn the right to such benefits and the benefits are expected to be settled through paid time off or cash payments. Accordingly, since unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires, this benefit is not expected to be settled through paid time off or cash payments and is therefore excluded from the calculation of compensated absences for financial reporting purposes.

7. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the District's OPEB Plan, and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest earning investment contracts that have a maturity of one year or less, which are reported at cost.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. 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 at fair value.

9. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums and discounts as well as refunding costs, when applicable, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums, discounts, or refunding.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance and refunding costs, when debt is issued. The face amount of the debt issued, premiums, discounts, and issuance or refunding costs are reported as other financing sources or uses.

10. Fund Balances

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the district's highest level of decision-making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision-making authority or a body or official that has been given the authority to assign funds.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

11. Fund Balances (Concluded)

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditure and revenue shortfalls.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

12. Local Control Funding Formula (LCFF)/Property Tax

The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local taxes.

The County of Marin is responsible for assessing, collecting, and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District’s allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District’s LCFF entitlement by the District’s local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

Since the amount of property taxes received by the District exceeds the amount of the LCFF entitlement, the District is considered to be a “basic aid” school district and is permitted to keep all of its property tax revenue. In addition, as guaranteed by the California Constitution, the State must apportion $120 per pupil to the District. However, the categorical aid that the District receives counts toward this requirement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, consist of the following:

	Governmental Activities
Cash on Hand and in Banks	$ 81,283
Cash in Revolving Fund	2,000
County Pool Investments	21,899,100
Totals	$ 21,982,383

Cash on Hand and in Banks

Cash on hand and in banks consists of cash held by the District, and cash maintained in commercial bank accounts owned by the District, exclusive of amounts in revolving funds.

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

County Pool Investments

County pool investments consist of District cash held by the Marin County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Marin County Investment Pool.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations/Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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
Joint Powers Authority Pools	N/A	None	None

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	$ 21,899,100	$ 21,899,100	323

Credit Risk

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. Investments in the County Treasury are not required to be rated.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District’s bank balance was not exposed to custodial credit risk.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Marin County Investment Pool are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

The District's fair value measurements are as follows at June 30, 2025:

Investment Type	Fair Value	Uncategorized
County Pool Investments	$ 21,899,100	$ 21,899,100

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2025 consist of the following:

	General Fund	Granada Lease Fund	Non-Major Governmental Funds	Totals
Federal Government	$ 220,782		$ 17,468	$ 238,250
State Government	141,123		79,012	220,135
Local Governments	63,288			63,288
Miscellaneous	83,832	$ 55,165		138,997
Total	$ 509,025	$ 55,165	$ 96,480	$ 660,670

NOTE 4 - INTERFUND ACTIVITIES

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2025, are as follows:

Funds	Interfund Receivables	Interfund Payables
General		$ 470,000
Granada Lease Fund	$ 470,000	
Totals	$ 470,000	$ 470,000

All interfund receivables and payables are scheduled to be paid within one year.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, are shown below:

	Balances June 30, 2024	Additions	Deletions	Balances June 30, 2025
Capital Assets Not Being Depreciated:				
Land	$ 2,049,951			$ 2,049,951
Construction-in-Progress	30,075		$ 30,075	0
Total Capital Assets Not Being Depreciated	2,080,026	$ 0	30,075	2,049,951
Capital Assets Being Depreciated:				
Sites and Improvements	10,417,276	30,860		10,448,136
Buildings and Improvements	54,961,650			54,961,650
Furniture and Equipment	252,771	41,395		294,166
Total Capital Assets Being Depreciated	65,631,697	72,255	0	65,703,952
Less Accumulated Depreciation:				
Sites and Improvements	7,668,140	272,133		7,940,273
Buildings and Improvements	28,463,002	1,439,338		29,902,340
Furniture and Equipment	188,053	14,869		202,922
Total Accumulated Depreciation	36,319,195	1,726,340	0	38,045,535
Total Capital Assets Being Depreciated, Net	29,312,502	(1,654,085)	0	27,658,417
Capital Assets, Net	$ 31,392,528	$ (1,654,085)	$ 30,075	$ 29,708,368

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 1,308,368
Instruction-Related Services	153,080
Pupil Services	85,834
General Administration	179,058
Total	$ 1,726,340

NOTE 6 - GENERAL OBLIGATION BONDS

On November 8, 2016, the District issued general obligation refunding bonds in the amount of $7,500,000, with interest rates from 2.0% to 4.0%, for purposes of refunding, on an advance basis, $7.8 million of the District's outstanding 2011 General Obligation Refunding Bonds, maturing August 1, 2021 through August 1, 2028, and to pay costs of issuance of the bonds.

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

On March 10, 2022, the District issued general obligation refunding bonds in the amount of $11,070,000, with an interest rate of 5.0%, for purposes of refunding portions of the District's outstanding 2011 and 2012 General Obligation Refunding Bonds, and to pay for costs of issuance.

The general obligation bonds are secured by the full faith and credit of the District. Marin County is obligated to annually levy and collect ad valorem taxes upon all property within the District subject to taxation for the payment of interest and principal of the bonds. The outstanding general obligation debt, excluding $1,326,973 unamortized premiums, as of June 30, 2025, is as follows:

Date of Issue	Interest Rate %	Date of Maturity	Amount of Original Issue	Outstanding June 30, 2024	Redeemed Current Year	Outstanding June 30, 2025
11/8/16	2.00-4.00	8/1/28	$ 7,500,000	$ 4,240,000	$ 1,145,000	$ 3,095,000
3/10/22	5.00	2/1/31	11,070,000	8,370,000	1,350,000	7,020,000
Totals			$ 18,570,000	$ 12,610,000	$ 2,495,000	$ 10,115,000

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

Year Ended June 30	Principal	Interest	Totals
2026	$ 2,615,000	$ 415,425	$ 3,030,425
2027	2,735,000	293,900	3,028,900
2028	1,530,000	196,175	1,726,175
2029	1,160,000	132,175	1,292,175
2030	685,000	86,625	771,625
2031-2035	1,390,000	51,625	1,441,625
Totals	$ 10,115,000	$ 1,175,925	$ 11,290,925

NOTE 7 - NOTES PAYABLE

The District financed the purchase of technology equipment, valued at $506,963, under agreements, secured by the underlying equipment, which provides for title to pass upon repayment of the notes. Future minimum payments under these agreements are as follows:

Year Ended June 30	Note Payments
2026	$ 178,642
2027	126,409
Total payments	305,051
Less amounts representing interest	(30,406)
Present value of net minimum payments	$ 274,645

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions / Benefits Provided

The Reed Union School District's Other Post Employment Benefits Plan (Plan) is a single employer defined benefit healthcare plan administered by the District. No separate financial statements were issued for the plan. The District provides varying coverage to retirees from the various employee groups. The benefits provided to eligible retirees are as follows:

	Hired January 1, 2009 and before	**Hired after January 1, 2009**
Benefit Types Provided	Medical Only	Medical Only
Duration of Benefits *	PEHMCA statutory minimum contribution: Lifetime Supplemental contribution of $355 per month to age 65	PEHMCA statutory minimum contribution: Lifetime Supplemental contribution of $355 per month to age 65
Required Service	STRS OR PERS Retirement	STRS OR PERS Retirement
Minimum Age	STRS OR PERS Retirement and Age 55 for supplemental	STRS OR PERS Retirement and Age 55 for supplemental
Dependent Coverage	Yes	Yes
District Contribution %	100% to cap	10 years of service or less - 0% 10-20 years of service - 50% 20 or more years of service - 100%
District Cap	PEMHCA statutory minimum Pre-65 supplemental cap: $355/month	PEMHCA statutory minimum Pre-65 supplemental cap: $355/month

* Actuarial study assumes that the $355 per month cap does not increase in future years.

Active Employee Coverage

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees can choose from a variety of HMO and PPO options providing comprehensive medical coverage. For purposes of its contract with PEMHCA, the District uses a statutory schedule to determine its monthly contribution on behalf of each active employee. The statutory amount is $157 for 2024 and $158 for 2025 and will be indexed by the Medical CPI each year thereafter.

Post-retirement Coverage

The District offers the same medical plans to its retirees as to its active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. Employees of all classifications (including management and confidential) become eligible to retire and receive District-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service (age 52 and 5 years for PEPRA employees), or age 55 and 10 years of covered STRS service, as applicable.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Post-retirement Coverage (Concluded)

Coverage is available for the lifetime of the retiree and spouse or surviving spouse (and dependent children up to the age of 26). The District's contribution on behalf of all eligible retirees and surviving spouses is the same as its contribution for active employees ($157 for 2024 and $158 for 2025 indexed by the Medical CPI thereafter), in addition to an administrative fee.

Retirees who have attained age 55 or more at the time of retirement may receive a supplemental District contribution of $355/month for five years following retirement (or the earlier of five years or age 65 for Certificated and Certificated Management retirees). This supplement may be used towards coverage under either PEMHCA or the District's dental plan, or both. The supplement is paid in addition to the statutory minimum.

Retirees who were hired on or after January 1, 2009 are subject to a vesting schedule of 0% for fewer than 10 years of service and 50% for at least 10 but fewer than 20 years of service, and 100% for 20 or more years of service. These percentages apply to the statutory minimum contribution only but not the $355 supplement.

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change.

Employees Covered by Benefit Terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2025 are as follows:

Inactive employees currently receiving benefit payments	55
Active employees	126
Total number of participants	181

Net OPEB Liability

The District’s net OPEB liability of $1,503,477 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial methods, assumptions, and other inputs, applied to all periods unless otherwise specified:

Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age
Inflation	2.50%
Salary Increases	2.75%
Discount Rates	6.75% (net of investment expenses)
Healthcare cost trend rates	4.00% per year

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions (Concluded

Mortality rates for Certificated employees were based on the 2020 CalSTRS Mortality Table. Mortality rates for Classified employees were based on the 2021 CalPERS Mortality Table for Miscellaneous and School Employees.

The long-term expected rate of return on OPEB plan investments of 6.75% was determined by the California Employers' Retiree Benefit Trust (CERBT) using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Turnover rates for Certificated employees were based on the 2020 CalSTRS Termination Rates. Turnover rates for Classified employees were based on the 2021 CalPERS Turnover Rates for School Employees.

California Employers' Retiree Benefit Trust (CERBT):

During fiscal year 2015-16, the District joined the California Employers' Retiree Benefit Trust (CERBT), which is an agent multiple-employer plan with more than 605 members as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), with pooled administrative and investment functions. The CERBT Fund is a Section 115 trust fund dedicated to prefunding Other Post Employment Benefits (OPEB) for all eligible California public agencies. The District participates in CERBT primarily as an investment vehicle for amounts set aside to pay for future costs associated with the District's single employer defined benefit healthcare plan. There are three investment options offered by the fund, of which the District has chosen to participate in the CERBT Strategy 1 portfolio. As a result, the District owns a percentage of the CERBT Strategy 1 portfolio.

The CalPERS Board of Directors oversees the CERBT Fund. The CalPERS Board of Directors consists of six elected members, three appointed members and four ex officio members. CalPERS issues publicly available reports that include a full description of the CERBT plan provisions, membership information, and a current list of the Board of Directors, which can be found on the CalPERS website at www.calpers.ca.gov.

OPEB Trust Investments: The CERBT mirrors the investment policies of the CalPERS system as a whole. These policies are adopted by the CalPERS Investment Committee, which sets forth the Systems overarching investment belief, purposes, and objectives with respect to all investment programs. In addition, the CERBT has separate Board-approved asset allocation policies in place for the three investment options offered by the fund. The District's OPEB assets have been invested in the CERBT Strategy 1 portfolio.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

California Employers' Retiree Benefit Trust (CERBT): (Concluded)

OPEB Trust Investments: (Concluded) The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	49%	+-5%	MSCI All Country World Index IMI (net)
Fixed Income	23%	+-5%	Bloomberg Long Liability Index
Treasury Inflation - Protected Securities	5%	+-3%	Bloomberg U.S. TIPS, Index, Series L
Real Estate Investment Trusts ("REITs")	20%	+-5%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	3%	+-3%	S & P GSCI Total Return Index
Cash	-	+2%	ICE BofA US 3-Month Treasury Bill Index

Rate of Return: For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.1 percent. The money- weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (TOL) (a)	Plan Fiduciary Net Position (FNP) (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	$ 3,094,111	$ 1,386,454	$ 1,707,657
Changes for the year:			
Service cost	150,689		150,689
Interest on TOL / Return on FNP	209,095	183,404	25,691
Differences between expected and actual experience	(38,163)		(38,163)
Contributions from employer		343,511	(343,511)
Benefit payments	(143,511)	(143,511)	0
OPEB plan administrative expenses		(1,114)	1,114
Net changes	178,110	382,290	(204,180)
Balances at June 30, 2025	$ 3,272,221	$ 1,768,744	$ 1,503,477

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability (Concluded)

There were no changes in benefit terms since the previous valuation.

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

The following table presents the District's net OPEB liability as of the measurement date, calculated using the current discount rate of 6.75%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Discount Rate 1% Decrease 5.75%	Discount Rate Current Rate 6.75%	Discount Rate 1% Increase 7.75%
District's Net OPEB Liability	$ 1,862,400	$ 1,503,477	$ 1,199,341

Sensitivity of District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the District's net OPEB liability as of the measurement date, calculated using the current healthcare cost trend rate of 4.00%, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	Healthcare Cost Trend Rate 1% Decrease 3.00%	Healthcare Cost Trend Rate Current Rate 4.00%	Healthcare Cost Trend Rate 1% Increase 5.00%
District's Net OPEB Liability	$ 1,141,467	$ 1,503,477	$ 1,946,222

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

For the year ended June 30, 2025, the District recognized OPEB expense of negative $129,637. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 42,858	$ 537,699
Changes of assumptions and other inputs	151,056	758,995
Net differences between projected and actual earnings on OPEB plan investments		60,532
Totals	$ 193,914	$ 1,357,226

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

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

Year Ended June 30	
2026	$ (391,141)
2027	(427,941)
2028	(119,780)
2029	(74,815)
2030	(58,194)
Thereafter	(91,441)

Differences between expected and actual experience and changes of assumptions and other inputs, which occur on an annual basis, are amortized over a closed period equal to the expected average remaining service life of all members that are provided benefits. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 9 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 10,933,326	$ 4,100,369	$ 3,175,673	$ 1,548,110
CalPERS	7,785,972	2,397,586	562,374	1,216,298
Totals	$ 18,719,298	$ 6,497,955	$ 3,738,047	$ 2,764,408

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers' Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to full-time and part-time California public school teachers from pre-kindergarten through community college and certain other employees of the public school system and other state agencies. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Benefits Provided

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP DB Program has two benefit structures:

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

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

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

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Concluded)

CalSTRS 2% at 60 (Concluded)

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

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

Members: The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25%, while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for CalSTRS 2% at 62 members was 10.205% for fiscal year 2024-25.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Contributions (Concluded)

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2024-25 for a total contribution rate of 19.10%. The District contributed $2,257,906 to the plan for the fiscal year ended June 30, 2025.

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2024-25. The total state contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by $72.0 million, pursuant to Education Code section 22954. The total state contribution to the DB program was 10.828% for the fiscal year ended June 30, 2025.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	$ 10,933,326
State's proportionate share of the net pension liability associated with the District	5,016,248
Total net pension liability attributed to District	$ 15,949,574

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

Proportion - June 30, 2024	0.0163%
Proportion - June 30, 2023	0.0161%
Change - Increase (Decrease)	0.0002%

For the fiscal year ended June 30, 2025, the District recognized pension expense of $1,548,110, which includes $1,012,903 of support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 2,257,906	
Differences between expected and actual experience	1,229,853	$ 534,150
Changes of assumptions	54,278	746,640
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	558,332	1,615,959
Net differences between projected and actual earnings on plan investments		278,924
Totals	$ 4,100,369	$ 3,175,673

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2026	$ (1,319,424)
2027	722,366
2028	(381,266)
2029	(394,967)
2030	68,577
Thereafter	(28,496)

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Other than differences between projected and actual investment earnings, deferred outflows and inflows of resources are recognized in pension expense beginning in the current period using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive). Based on the financial reporting actuarial valuation report as of June 30, 2024, the average expected remaining service life for STRP members is seven years. Deferred outflows and inflows of resources related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024 include:

Valuation Date	June 30, 2023
Experience Study [1]	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry Age
Investment Rate of Return [2]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Payroll Growth	3.25%
Post-retirement Benefit Increases	2.00% simple for DB (Annually)
	Maintain 85% purchasing power level for DB

[1] Both a Five-Year period (July 1, 2017 - June 30, 2020) and 15-year period were considered in the 2024 experience study; however, assumptions were primarily based on the results of the 15-year study. Additional information is available in 2024 experience analysis report available at CalSTRS.com

[2] Net of investement expenses, but gross of adminstrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class/Strategy	Assumed Asset Allocation	Long-Term Expected Rate of Return [1]	Long-Term Expected Real Rate of Return [1,2]
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash / Liquidity	2%	2.80%	0.05%
Total	100%		

1 20- to 30 year geometric average.
2 Real rate of return are net of assumed 2.75% inflation.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

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

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

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	$ 19,446,810	$ 10,933,326	$ 3,824,214

Mortality

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023 and projected improvement is based on the MP-2021 Ultimate Projection Scale.

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Plan Description, Benefits Provided, and Employees Covered (Concluded)

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. 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.

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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 27.05% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2025 was $1,146,568.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a liability of $7,785,972 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

Proportion - June 30, 2024	0.0218%
Proportion - June 30, 2023	0.0215%
Change - Increase (Decrease)	0.0003%

NOTE 9 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2025, the District recognized pension expense of $1,216,298. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 1,146,568	
Differences between expected and actual experience	664,148	$ 66,314
Changes of assumptions	204,803	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	66,705	496,060
Net differences between projected and actual earnings on plan investments	315,362	
Totals	$ 2,397,586	$ 562,374

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2026	$ 51,358
2027	622,839
2028	110,144
2029	(95,697)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of June 30, 2024. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Wage Growth	Varies by Entry Age and Service
Mortality Rate Table	Derived Using CalPERS' Membership Data For All Funds
Investment Rate of Return	6.90%
Post Retirement Benefit Increase	The Lesser of Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter

The Mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS experience study and review of actuarial assumptions. Mortality rates incorporate full generational mortality improvement using 80% of scale MP-2020 published by the society of actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

NOTE 9 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate (Concluded)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all 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 [1]	Assumed Asset Allocation	Real Return [1, 2]
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%
Total	100%	

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

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	$ 11,566,127	$ 7,785,972	$ 4,663,264

NOTE 9 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 10 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of $1,012,903 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 11 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025, is shown below:

	Balances June 30, 2024	Additions	Deductions	Balances June 30, 2025	Due within One Year
Long-Term Debt:					
General Obligation Bonds:					
Current Interest	$ 12,610,000		$ 2,495,000	$ 10,115,000	$ 2,615,000
Bond Premiums	1,600,890		273,917	1,326,973	273,917
Other Long-Term Liabilities:					
Compensated Absences	203,399	$ 151,168		354,567	354,567
Notes Payable	135,841	345,948	207,144	274,645	158,139
Early Retirement Incentives	44,412		44,412	0	
Net OPEB Liability	1,707,657	139,331	343,511	1,503,477	
Net Pension Liabilities	20,062,398		1,343,100	18,719,298	
Totals	$ 36,364,597	$ 636,447	$ 4,707,084	$ 32,293,960	$ 3,401,623

The general obligation bonds and bond premiums are obligations of the Bond Interest and Redemption Fund. All other long-term liabilities are primarily obligations of the General Fund.

NOTE 12 - FUND BALANCES

The District's fund balances at June 30, 2025 consisted of the following:

	General Fund	Bond Interest & Redemption Fund	Granada Lease Fund	Non-Major Governmental Funds	Totals
Nonspendable:					
Revolving Cash	$ 2,000				$ 2,000
Fair Value Adjustment	181,615	$ 38,336	$ 28,593	$ 11,169	259,713
Total Nonspendable	183,615	38,336	28,593	11,169	261,713
Restricted:					
Categorical Programs	1,718,453			196,043	1,914,496
Local Programs	34,928				34,928
Student Activities				29,253	29,253
Developer Fee				46,225	46,225
Debt Service		3,187,579			3,187,579
Total Restricted	1,753,381	3,187,579	0	271,521	5,212,481
Committed					
Board Reserve	6,967,189				6,967,189
Total Committed	6,967,189	0	0	0	6,967,189
Assigned:					
Leased Facilities			2,790,167		2,790,167
Capital Projects				714,933	714,933
Deferred Maintenance	20,819				20,819
Total Assigned	20,819	0	2,790,167	714,933	3,525,919
Unassigned:					
Reserve for Economic Uncertainties	1,211,685				1,211,685
Remaining Unassigned Balance	4,199,926				4,199,926
Total Unassigned	5,411,611	0	0	0	5,411,611
Totals	$ 14,336,615	$ 3,225,915	$ 2,818,760	$ 997,623	$ 21,378,913

NOTE 13 - ECONOMIC DEPENDENCY

A. Parcel Tax

The Reed Union School District relies significantly on parcel tax revenues to fund its operations. During fiscal year 2024-25, the District received $2,584,797 of parcel tax revenues, which represents 8.5% of the District's total General Fund operating revenues. These funds are used to attract and retain highly qualified, experienced teachers; maintaining and enhancing science, technology, engineering and math for all grades; supporting art, music and library programs, and minimizing class size increases.

The parcel tax is levied annually on properties within the Reed Union School District, and is subject to voter approval, which was last reaffirmed on November 5, 2019. The current parcel tax authorization is set to expire on June 30, 2031, unless extended or renewed by voters. The Reed Union School District's financial position and ability to maintain current service levels could be materially adversely affected if the parcel tax is not renewed or if there is a significant reduction in property assessments or collections.

NOTE 13 - ECONOMIC DEPENDENCY (CONCLUDED)

B. Foundation for Reed Schools

The Reed Union School District relies significantly on revenues contributed by the Foundation for Reed Schools (the Foundation) to fund its operations. During fiscal year 2024-25, the District received $1,765,985 of contributions from the Foundation, which represents 5.8% of the District's total General Fund operating revenues. These funds are used to provide enrichment programs including art, library, physical education, STEM, Spanish, and music.

The funding received from the Foundation is subject to voluntary public contributions to the organization. Reed Union School District's financial position and ability to maintain current service levels could be materially adversely affected if the Foundation is unable to maintain its current level of support in future years.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024-25, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage in any of the past three years.

NOTE 15 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements with Marin School Insurance Authority (MSIA) for workers' compensation and property and liability insurance, and Marin Pupils Transportation Agency (MPTA) for pupil transportation services for special education children. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage or services for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage or service requested and shares surpluses and deficits proportionately to their participation in the JPAs. The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 17 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 8, 2025, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

REED UNION SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 199,630	$ 199,718	$ 189,481	$ (10,237)
Local Sources	21,682,269	21,633,651	21,738,375	104,724
Total LCFF Sources	21,881,899	21,833,369	21,927,856	94,487
Federal Revenue	227,074	237,928	262,805	24,877
Other State Revenue	1,498,146	2,021,997	1,948,829	(73,168)
Other Local Revenue	4,875,880	5,954,619	6,284,999	330,380
Total Revenues	28,482,999	30,047,913	30,424,489	376,576
Expenditures				
Current:				
Certificated Salaries	12,565,692	12,382,950	12,419,153	(36,203)
Classified Salaries	4,486,080	4,766,038	4,625,552	140,486
Employee Benefits	8,007,969	8,021,737	7,660,800	360,937
Books and Supplies	1,199,906	1,217,276	1,332,746	(115,470)
Services and Other Operating Expenditures	2,670,782	4,397,308	4,043,750	353,558
Capital Outlay	100,000	25,000	72,255	(47,255)
Debt Service:				
Principal Retirement	213,000	213,000	207,144	5,856
Interest and Fiscal Charges	12,000	12,000	3,504	8,496
Other Expenditures	175,000	225,000	73,173	151,827
Total Expenditures	29,430,429	31,260,309	30,438,077	822,232
Excess of Revenues (Under) Expenditures	(947,430)	(1,212,396)	(13,588)	1,198,808
Other Financing Sources (Uses)				
Operating Transfers In	409,400	470,000		(470,000)
Other Sources	345,948	345,948	345,948	
Transfer to OPEB Trust			(200,000)	(200,000)
Total Other Financing Sources (Uses)	755,348	815,948	145,948	(670,000)
Net Change in Fund Balances	(192,082)	(396,448)	132,360	$ 528,808
Fund Balances - July 1, 2024	14,204,255	14,204,255	14,204,255	
Fund Balances - June 30, 2025	$ 14,012,173	$ 13,807,807	$ 14,336,615	

REED UNION SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2025

	2025	2024
Total OPEB Liability		
Service Cost	$ 150,689	$ 146,656
Interest on Total OPEB Liability	209,095	194,688
Differences Between Expected and Actual Experience	(38,163)	
Changes in Assumptions or Other Inputs		
Benefit Payments (including implicit subsidy)	(143,511)	(116,330)
Net Changes in Total OPEB Liability	178,110	225,014
Total OPEB Liability - Beginning	3,094,111	2,869,097
Total OPEB Liability - Ending	$ 3,272,221	$ 3,094,111
Plan Fiduciary Net Position		
Contributions - Employer	$ 343,511	$ 116,330
Net Investment Income	183,404	137,641
Benefit Payments (including implicit subsidy)	(143,511)	(116,330)
Administrative Expenses	(1,114)	(1,097)
Net Changes in Plan Fiduciary Net Position	382,290	136,544
Plan Fiduciary Net Position - Beginning	1,386,454	1,249,910
Plan Fiduciary Net Position - Ending	$ 1,768,744	$ 1,386,454
District's Net OPEB Liability - Ending	$ 1,503,477	$ 1,707,657
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	54.05%	44.81%
Covered-employee Payroll	$ 14,541,458	$ 12,750,946
District's Net OPEB Liability as a Percentage of Covered-employee Payroll	10.34%	13.39%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2023	2022	2021	2020	2019	2018
$ 177,633	$ 155,587	$ 167,224	$ 290,976	$ 282,501	$ 291,654
224,375	212,983	205,809	185,067	190,148	172,753
(659,635)	43,111	(109,525)	65,553	(7,831)	(36,798)
(31,774)	193,666	69,718	(2,844,120)	262,460	(184,109)
(153,512)	(191,322)	(126,425)	(212,042)	(187,307)	(153,295)
(442,913)	414,025	206,801	(2,514,566)	539,971	90,205
3,312,010	2,897,985	2,691,184	5,205,750	4,665,779	4,575,574
$ 2,869,097	$ 3,312,010	$ 2,897,985	$ 2,691,184	$ 5,205,750	$ 4,665,779
$ 542,191	$ 410,730	$ 126,425	$ 212,042	$ 187,307	$ 153,295
64,108	(124,326)	151,999	18,847	31,073	37,016
(153,512)	(191,322)	(126,425)	(212,042)	(187,307)	(153,295)
(859)	(772)	(43)	(729)	(248)	(177)
451,928	94,310	151,956	18,118	30,825	36,839
797,982	703,672	551,716	533,598	502,773	465,934
$ 1,249,910	$ 797,982	$ 703,672	$ 551,716	$ 533,598	$ 502,773
$ 1,619,187	$ 2,514,028	$ 2,194,313	$ 2,139,468	$ 4,672,152	$ 4,163,006
43.56%	24.09%	24.28%	20.50%	10.25%	10.78%
$ 12,409,680	$ 13,133,728	$ 12,782,217	$ 12,682,100	$ 13,403,509	$ 13,022,824
13.05%	19.14%	17.17%	16.87%	34.86%	31.97%

REED UNION SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The District OPEB plan does not currently have any actuarially determined, contracted, or statutorily required contribution requirements.

REED UNION SCHOOL DISTRICT

SCHEDULE OF OPEB INVESTMENT RETURNS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2025	12.1%
2024	10.6%
2023	6.00%
2022	(14.00%)
2021	25.60%
2020	4.00%
2019	6.50%
2018	7.30%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

REED UNION SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0163%	$ 10,933,326	$ 5,016,248	$ 15,949,574	$ 11,075,319	98.72%	83.55%
2024	0.0161%	12,291,387	5,889,149	18,180,536	9,805,565	125.35%	80.62%
2023	0.0168%	11,649,166	5,833,857	17,483,023	9,981,773	116.70%	81.20%
2022	0.0192%	8,737,491	4,396,366	13,133,857	10,644,601	82.08%	87.21%
2021	0.0185%	17,891,253	9,222,943	27,114,196	10,082,772	177.44%	71.82%
2020	0.0174%	15,699,012	8,564,859	24,263,871	9,449,441	166.14%	72.56%
2019	0.0182%	16,699,384	9,561,178	26,260,562	9,824,248	169.98%	70.99%
2018	0.0178%	16,500,157	9,761,354	26,261,511	9,375,660	175.99%	69.46%
2017	0.0180%	14,566,819	8,292,630	22,859,449	9,235,098	157.73%	70.04%
2016	0.0207%	13,954,329	7,380,301	21,334,630	8,924,032	156.37%	74.02%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

REED UNION SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0218%	$ 7,785,972	$ 4,273,699	182.18%	72.29%
2024	0.0215%	7,771,011	3,716,307	209.11%	69.96%
2023	0.0239%	8,234,720	3,672,017	224.26%	69.76%
2022	0.0260%	5,294,375	3,735,415	141.73%	80.97%
2021	0.0234%	7,182,453	3,371,756	213.02%	70.00%
2020	0.0235%	6,844,519	3,263,387	209.74%	70.05%
2019	0.0243%	6,484,064	3,207,102	202.18%	70.85%
2018	0.0234%	5,596,974	2,989,610	187.21%	71.87%
2017	0.0241%	4,754,588	2,888,140	164.62%	73.90%
2016	0.0260%	3,833,658	2,873,851	133.40%	79.43%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

REED UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	$ 2,257,906	$ 2,257,906	$ 0	$ 11,821,497	19.10%
2024	2,115,386	2,115,386	0	11,075,319	19.10%
2023	1,872,863	1,872,863	0	9,805,565	19.10%
2022	1,688,916	1,688,916	0	9,981,773	16.92%
2021	1,719,103	1,719,103	0	10,644,601	16.15%
2020	1,724,154	1,724,154	0	10,082,772	17.10%
2019	1,538,369	1,538,369	0	9,449,441	16.28%
2018	1,417,639	1,417,639	0	9,824,248	14.43%
2017	1,179,458	1,179,458	0	9,375,660	12.58%
2016	990,926	990,926	0	9,235,098	10.73%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REED UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	$ 1,146,568	$ 1,146,568	$ 0	$ 4,297,481	26.680%
2024	1,140,223	1,140,223	0	4,273,699	26.680%
2023	942,827	942,827	0	3,716,307	25.370%
2022	841,259	841,259	0	3,672,017	22.910%
2021	773,231	773,231	0	3,735,415	20.700%
2020	664,944	664,944	0	3,371,756	19.721%
2019	589,433	589,433	0	3,263,387	18.062%
2018	498,095	498,095	0	3,207,102	15.531%
2017	415,197	415,197	0	2,989,610	13.888%
2016	342,158	342,158	0	2,888,140	11.847%

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP).

The excess of expenditures over appropriations at June 30, 2025 are as follows:

General Fund	Excess Expenditures
Certificated Salaries	$ 36,203
Books and Supplies	115,470
Capital Outlay	47,255

The District incurred unanticipated expenditures in excess of appropriations in the above expenditure classifications for which the budget was not revised.

B. Schedule of Changes in Net OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the net OPEB liability, the total OPEB liability, the OPEB plan's fiduciary net position, the net OPEB liability, the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, the covered-employee payroll, and the net OPEB liability as a percentage of the District's covered-employee payroll.

C. Schedule of OPEB Contributions

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes the actuarial determined contribution, the amount of contributions recognized by the OPEB plan in relation to the actuarial determined contribution, the difference between the actuarial determined contribution and the amount recognized by the OPEB plan, the District's covered-employee payroll, and the amount of contributions recognized by the OPEB plan in relation to the actuarial determined contribution as a percentage of the District's covered-employee payroll. The OPEB plan does not have any actuarially determined, contracted, or statutorily required contributions.

D. Schedule of OPEB Investment Returns

In accordance with Governmental Accounting Standards Board Statement No. 74, the District is required to present a schedule covering each of the 10 most recent fiscal years that includes the annual money-weighted rate of return on OPEB plan investments for each year.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

F. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - SUMMARY OF CHANGES FOR OPEB

A. Benefit Terms

There were no changes in benefit terms since the previous measurement date.

B. Changes in Assumptions or Other Inputs

There were no changes in Assumptions or Oher Inputs since the previous measurement date.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

A. Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

B. Changes of Assumptions

In January 2024, the CalSTRS board approved the actuarial assumptions based on the 2024 Experience Analysis presented to the board. The most significant changes were reducing the assumed payroll growth and changing the assumed life expectancy of retirees to more closely reflect recent trends. For full details on changes to the assumptions, see the CalSTRS 2024 Experience Analysis report available on the CalSTRS website.

There were no changes in assumptions since the previous valuation for CalPERS.

SUPPLEMENTARY INFORMATION SECTION

REED UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Cafeteria	Student Activity	Capital Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
Assets					
Deposits and Investments	$ 153,698	$ 29,253	$ 62,650	$ 723,531	$ 969,132
Receivables	96,480				96,480
Total Assets	$ 250,178	$ 29,253	$ 62,650	$ 723,531	$ 1,065,612
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$ 52,309		$ 15,680		$ 67,989
Total Liabilities	52,309		15,680		67,989
Fund Balances:					
Nonspendable	1,826		745	$ 8,598	11,169
Restricted	196,043	$ 29,253	46,225		271,521
Assigned				714,933	714,933
Total Fund Balances	197,869	29,253	46,970	723,531	997,623
Total Liabilities and Fund Balances	$ 250,178	$ 29,253	$ 62,650	$ 723,531	$ 1,065,612

REED UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Cafeteria	Student Activity	Capital Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
Revenues					
Federal Revenue	$ 105,596				$ 105,596
State Revenue	506,474				506,474
Local Revenue	7,860	$ 22,316	$ (28,595)	$ 33,087	34,668
Total Revenues	619,930	22,316	(28,595)	33,087	646,738
Expenditures					
Current:					
Food Services	559,286				559,286
Other General Administration			6,420		6,420
Plant Services			31,671	7,435	39,106
Ancillary Services		28,500			28,500
Total Expenditures	559,286	28,500	38,091	7,435	633,312
Net Change in Fund Balances	60,644	(6,184)	(66,686)	25,652	13,426
Fund Balances - July 1, 2024	137,225	35,437	113,656	697,879	984,197
Fund Balances - June 30, 2025	$ 197,869	$ 29,253	$ 46,970	$ 723,531	$ 997,623

REED UNION SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	P-2 Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular	434.39	324.42	228.18	986.99
Special Education - NPS / LCI			0.69	0.69
Totals	434.39	324.42	228.87	987.68

	Annual Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular	436.07	325.46	227.71	989.24
Special Education - NPS / LCI			0.40	0.40
Totals	436.07	325.46	228.11	989.64

REED UNION SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Grade Level	Minutes Required	Instructional Minutes Offered	Instructional Minutes J-13A Credited	Instructional Minutes Total	Traditional Calendar Days Offered	Traditional Calendar Days J-13A Credited	Traditional Calendar Days Total	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	52,940	0	52,940	180	0	180	N/A	In Compliance
Grade 1	50,400	52,940	0	52,940	180	0	180	N/A	In Compliance
Grade 2	50,400	52,940	0	52,940	180	0	180	N/A	In Compliance
Grade 3	50,400	56,600	0	56,600	180	0	180	N/A	In Compliance
Grade 4	54,000	56,600	0	56,600	180	0	180	N/A	In Compliance
Grade 5	54,000	56,600	0	56,600	180	0	180	N/A	In Compliance
Grade 6	54,000	61,283	0	61,283	180	0	180	N/A	In Compliance
Grade 7	54,000	61,283	0	61,283	180	0	180	N/A	In Compliance
Grade 8	54,000	61,283	0	61,283	180	0	180	N/A	In Compliance

REED UNION SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT

WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Deferred Maintenance Fund
June 30, 2025 Annual Financial and Budget Report Fund Balances	$ 14,315,946	$ 20,669
Reclassifications Increasing (Decreasing) Fund Balances:		
Reclassification of Fund Balances	20,669	(20,669)
June 30, 2025 Audited Financial Statements Fund Balances	$ 14,336,615	$ 0

Auditor's Comments

The fund balances and financial activities of the General Fund and Deferred Maintenance Fund have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2025.

REED UNION SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	GENERAL FUND			
	(Budget) 2025-26	2024-25	2023-24	2022-23
Revenues and Other Financial Sources	$ 31,515,122	$ 30,770,437	$ 30,226,004	$ 28,998,140
Expenditures	33,147,791	30,438,077	29,215,702	25,721,944
Other Uses and Transfers Out	200,000	200,000	0	409,250
Total Outgo	33,347,791	30,638,077	29,215,702	26,131,194
Change in Fund Balance	(1,832,669)	132,360	1,010,302	2,866,946
Ending Fund Balance	$ 12,503,946	$ 14,336,615	$ 14,204,255	$ 13,193,953
Available Reserves	$ 11,335,015	$ 12,378,800	$ 12,180,968	$ 10,021,449
Reserve for Economic Uncertainties *	$ 1,000,434	$ 1,211,685	$ 1,161,728	$ 1,085,940
Available Reserves as a Percentage of Total Outgo	34.0%	40.4%	41.7%	38.4%
Average Daily Attendance at P-2	1,010	988	995	951
Total Long-Term Liabilities	$ 28,892,337	$ 32,293,960	$ 36,364,597	$ 38,866,273

* Reported balances are a component of available reserves.

The fund balance of the General Fund increased $1,142,662 (8.7%) over the past two years. The fiscal year 2025-26 budget projects a decrease of $1,832,669 (12.8%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of $2,866,946, $1,010,302 and $132,360 during the fiscal years 2022-23, 2023-24 and 2024-25, respectively.

The District's P-2 Average daily attendance (ADA) increased 37 ADA over the past two years. The District's budget projects a further increase of 22 ADA during fiscal year 2025-26.

Total long-term liabilities decreased $6,572,313 over the past two years.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers approved by the California Department of Education, when applicable.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds, as reported in the Annual Financial and Budget Report to the audited financial statements.

E. Schedule of Financial Trends and Analysis

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

OTHER INFORMATION

REED UNION SCHOOL DISTRICT

ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ORGANIZATION

The Reed Union School District was established in 1887 and is located in Tiburon, California. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools and one middle school.

BOARD OF TRUSTEES

Name	Office	Term Expires
Sherry Wangenheim	President	December 2026
Shelby Pasarell Tsai	Vice President	December 2026
Liz E.Webb	Clerk	December 2028
Afsaneh Zolfaghari	Member	December 2026
Sandeep Sahai	Member	December 2028

ADMINISTRATION

Dr. Kimberly McGrath
Superintendent

Dr. Chris Kim
Chief Business Official

OTHER INDEPENDENT AUDITOR’S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Reed Union School District
Tiburon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reed Union School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2025 that included an unmodified opinion on the governmental activities, each major fund and the aggregate remaining fund information and an adverse opinion on the discretely presented component unit. The report on the financial statements included an adverse opinion on the discretely presented component unit because the financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. The effects of not including the District's legally separate component unit on the discretely presented component unit have not been determined.

Report on Internal Control over Financial Reporting

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

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Report on Internal Control over Financial Reporting (Concluded)

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 were not identified.

Report on Compliance and Other Matters

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

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.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Reed Union School District
Tiburon, California

Report on State Compliance

Opinion on State Compliance

We have audited the Reed Union School District's (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the Reed Union School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists.

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Auditor's Responsibilities for the Audit of Compliance (Concluded)

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

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes

Description (Concluded)	Procedures Performed
Local Education Agencies Other Than Charter Schools (Concluded):	
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home To School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the *Audit Guide* and which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2025-001**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

FINDINGS AND QUESTIONED COSTS SECTION

REED UNION SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:				
Governmental Activities	Unmodified			
Discretely Presented Component Unit	Adverse			
General Fund	Unmodified			
Bond Interest and Redemption Fund	Unmodified			
Granada Lease Fund	Unmodified			
Aggregate Remaining Fund Information	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified			
Any audit findings required to be reported in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?*	X	Yes		No
Internal control over state programs:				
Material weaknesses identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None reported

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2025.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025 - 001 / 40000 (REPEAT OF PRIOR YEAR FINDING 2024 - 002 / 40000)

EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program)

Criteria: Commencing with the 2023-24 school year, as a condition of receiving apportionment, districts receiving ELO Program funds at the lower rate (Rate 2) (*EC* Section 46120(d)(1)(C)) must offer the program to all unduplicated pupils in TK/K-6 and provide access to these pupils upon request from a parent or guardian.

Condition: The ELO program was not offered during fiscal year 2024-25.

Questioned Costs: $107,797. (The amount received for fiscal year 2024-25.)

Context: During 2024-25, the District had 76 unduplicated pupils.

Effect: District did not comply with Education Code Section 46120(d)(1)(C).

Cause: Districts cannot opt out of ELO Program funding until fiscal year 2025-26.

Recommendation: If the District does not intend on operating the ELO program in the future, the District make sure that it has opted out in the principal apportionment software. In addition, the District should return the unused program funds once invoiced by the California Department of Education.

District Response: The Reed Union School District did not operate an Expanded Learning Opportunities Program (ELO-P) in fiscal year 2024-25. Accordingly, a payable (JE-260021) has been recorded in Resource 2600 (ELO-P) in the amount of $107,797, representing the full apportionment received in FY 2024/25 and the anticipated return of that apportionment to the California Department of Education. The District is operating an Expanded Learning Opportunities Program in fiscal year 2025-26.

Recommendations	Current Status	Explanation If Not Fully Implemented
FINANCIAL STATEMENTS		
2024 - 001 / 30000		
SIGNIFICANT DEFICIENCY		
MEAL REIMBURSEMENT CLAIM REPORTING		
The District should submit a revised meal reimbursement claim for May 2024, which includes the audit determined meal counts. In addition, the District should establish procedures that ensure that the number of meals served per the meal reimbursement claim are independently compared to the number of meals served per the child nutrition meal count system summary, prior to submitting the claim to the California Department of Education for reimbursement.	Implemented	
STATE AWARDS		
2024 - 002 / 40000		
EXPANDED LEARNING OPPORTUNITIES PROGRAM		
The District should continue to record a payable to the California Department of Education for any amounts received for the program to reflect the anticipated return of the funds due to non-operation of the program.	Not Implemented	Comment Repeated **(See Finding 2025-001)**
2024 - 003 / 40000		
HOME-TO-SCHOOL TRANSPORTATION REIMBURSEMENT		
The District should continue to record a payable to the California Department of Education for any amounts received for the program to reflect the anticipated return of the funds for.	Implemented	