Financial Statements
June 30, 2025

Turlock Unified School District

Turlock Unified School District
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Independent Auditor's Report

To the Governing Board
Turlock Unified School District
Turlock, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions – CalPERS 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure 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 4, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Fresno, California
December 4, 2025

This section of Turlock Unified 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, comparative information for the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Turlock Unified School District (the District) and its component units using the integrated approach as prescribed by GASB Statement Number 34.

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

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and proprietary.

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

The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

The Primary unit of the government is the Turlock Unified School District.

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REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's cafeteria vending program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. An internal service fund is used to report activities that provide services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements. The District's Cafeteria Enterprise Fund is used to report the District's business-type activities for its vending program.

THE DISTRICT AS A WHOLE

Net Position

The District's net position of the governmental activities was $166.1 million for the fiscal year ended June 30, 2025, and $154 million for the fiscal year ended June 30, 2024; an increase of $12.1 million. Of this amount, $73.9 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Assets						
Current and other assets	$209,875,655	$180,862,319	$ 3,932	$ 3,798	$209,879,587	$180,866,117
Capital assets	257,560,183	253,312,056	38,903	42,657	257,599,086	253,354,713
Total assets	467,435,838	434,174,375	42,835	46,455	467,478,673	434,220,830
Deferred Outflows of Resources	70,538,263	76,787,321	-	-	70,538,263	76,787,321
Liabilities						
Current liabilities	41,769,019	22,825,410	-	-	41,769,019	22,825,410
Long-term liabilities	302,894,270	315,842,942	-	-	302,894,270	315,842,942
Total liabilities	344,663,289	338,668,352	-	-	344,663,289	338,668,352
Deferred Inflows of Resources	27,188,621	18,265,091	-	-	27,188,621	18,265,091
Net Position						
Net investment in capital assets	163,873,202	156,067,232	38,903	42,657	163,912,105	156,109,889
Restricted	73,874,100	65,953,607	3,932	3,798	73,878,032	65,957,405
Unrestricted (deficit)	(71,625,111)	(67,992,586)	-	-	(71,625,111)	(67,992,586)
Total net position	$166,122,191	$154,028,253	$ 42,835	$ 46,455	$166,165,026	$154,074,708

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

The $166.1 million net position of the governmental activities represents the accumulated results of all past years' governmental operations. Unrestricted deficit net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by $3.6 million.

Changes in Net Position

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

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Revenues						
Program revenues						
Charges for services	$ 5,903,720	$ 5,850,811	$ -	$ -	$ 5,903,720	$ 5,850,811
Operating grants and contributions	60,935,451	75,701,342	-	-	60,935,451	75,701,342
Capital grants and contributio	15,751,485	-	-	-	15,751,485	-
General revenues						
Federal and State aid not restricted	148,453,259	148,297,108	-	-	148,453,259	148,297,108
Property taxes	49,613,018	49,098,490	-	-	49,613,018	49,098,490
Other general revenues	13,034,439	12,703,432	134	157	13,034,573	12,703,589
Total revenues	293,691,372	291,651,183	134	157	293,691,506	291,651,340
Expenses						
Instruction-related	196,112,648	198,775,013	-	-	196,112,648	198,775,013
Pupil services	30,643,607	30,182,393	-	-	30,643,607	30,182,393
Administration	12,687,919	12,981,145	-	-	12,687,919	12,981,145
Plant services	19,341,744	19,366,097	-	-	19,341,744	19,366,097
Other	10,978,647	10,840,476	3,754	4,283	10,982,401	10,844,759
Total expenses	269,764,565	272,145,124	3,754	4,283	269,768,319	272,149,407
Change in net position	$ 23,926,807	$19,506,059	$ (3,620)	$ (4,126)	$ 23,923,187	$19,501,933

* The expenses for the year ended June 30, 2024, were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $269.8 million as compared to $272.1 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $49.6 million because the cost was paid by those who benefited from the programs of $5.9 million or by other governments and organizations who subsidized certain programs with grants and contributions of $76.7 million. We paid for the remaining "public benefit" portion of our governmental activities with $148.5 million in State and Federal unrestricted funds and with $13 million in other revenues, like interest and general entitlements.

In Table 3, we have presented the net cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	$ 196,112,648	$ 198,775,013	$ (137,326,875)	$ (149,419,683)
Pupil services	30,643,607	30,182,393	(15,459,023)	(13,838,119)
Administration	12,687,919	12,981,145	(10,302,963)	(8,938,844)
Plant services	19,341,744	19,366,097	(16,602,113)	(10,910,545)
All other services	10,978,647	10,840,476	(7,482,935)	(7,485,780)
Total	$ 269,764,565	$ 272,145,124	$ (187,173,909)	$ (190,592,971)

* The expenses for the year ended June 30, 2024, were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $168.8 million, which is an overall increase of $10.1 million from last year.

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	$ 120,455,581	$ 251,643,651	$ 255,149,271	$ 116,949,961
Student Activities	1,170,417	2,340,289	2,318,793	1,191,913
Adult Education	178,404	2,892,342	2,888,795	181,951
Child Development	157,507	4,244,281	4,220,476	181,312
Cafeteria	6,819,171	12,301,109	10,598,994	8,521,286
Building	1,515,783	55,280	1,566,617	4,446
Capital Facilities	4,202,799	4,116,940	1,689,723	6,630,016
County School Facilities	-	15,751,485	2,250,704	13,500,781
Special Reserve Fund for Capital Outlay Projects	18,652,441	2,477,446	3,384,446	17,745,441
Mello Roos	156,135	133,885	21,915	268,105
Bond Interest and Redemption	5,372,154	5,347,319	7,144,397	3,575,076
Total	$ 158,680,392	$ 301,304,027	$ 291,234,131	$ 168,750,288

The General Fund balance decreased by $3.5 million due to decreased Federal and State revenue in the current year. The Building Fund had a decrease in fund balance of $1.5 million due to ongoing capital projects. The District's non-major governmental funds increased by $15.1 million due primarily to a new source of funding and the opening of the County School Facilities Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 18, 2025. A schedule showing the District's General Fund original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District budgeted a decrease in General Fund balance of approximately $19.1 million, however, revenues and transfers in were $6.3 million less than expected, and expenditures and transfers out were $21.9 million less than expected, leaving the fund with an actual decrease of $3.5 million.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had $257.6 million in a broad range of capital assets and right-to-use leased assets (net of accumulated depreciation and amortization), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of $4.2 million from prior year.

Table 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and construction in progress	$ 23,564,324	$ 21,232,589	$ -	$ -	$ 23,564,324	$ 21,232,589
Buildings and improvements	221,585,042	224,250,109	-	-	221,585,042	224,250,109
Equipment	12,368,577	7,750,902	38,903	42,657	12,407,480	7,793,559
Right-to-use leased assets	42,240	78,456	-	-	42,240	78,456
Total	$257,560,183	$253,312,056	$38,903	$42,657	$257,599,086	$253,354,713

Long-Term Liabilities

At the end of this year, the District had $302.9 million in long-term liabilities outstanding versus $315.8 million last year, a decrease of $12.9 million. These liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	$ 87,680,000	$ 91,870,000
Unamortized premiums	3,417,346	3,722,839
Certificates of participation	3,020,752	3,478,076
Leases	45,668	83,195
Compensated absences	12,218,563	325,306
Net OPEB liability	17,220,982	19,702,105
Aggregate net pension liability	179,290,959	196,661,421
Total	$ 302,894,270	$ 315,842,942

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

The District's general obligation bond Moody's rating at the time of their last issuance was "Aa3".

At year-end, the District had a net pension liability of $179.3 million versus $196.7 million last year, a decrease of $17.4 million. The District also reported deferred outflows of resources from pension activities of $66.1 million, and deferred inflows of resources from pension activities of $15.7 million. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, factors affecting the District's future include:

- Enrollment and attendance uncertainties
- Significant increased costs and contributions to Special Education
- Aging infrastructure which will require major repairs, updates, placement, and renovation

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Assistant Superintendent of Finance & Accountability, Turlock Unified School District, 1574 East Canal Drive, P.O. Box 819013, Turlock, California 95380.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 189,716,414	$ 3,932	$ 189,720,346
Receivables	18,168,501	-	18,168,501
Prepaid expense	1,230,573	-	1,230,573
Stores inventories	760,167	-	760,167
Capital assets not depreciated or amortized	23,564,324	-	23,564,324
Capital assets, net of accumulated depreciation and amortization	233,995,859	38,903	234,034,762
Total assets	467,435,838	42,835	467,478,673
Deferred Outflows of Resources			
Deferred charge on refunding	204,234	-	204,234
Deferred outflows of resources related to OPEB	4,186,923	-	4,186,923
Deferred outflows of resources related to pensions	66,147,106	-	66,147,106
Total deferred outflows of resources	70,538,263	-	70,538,263
Liabilities			
Accounts payable	37,610,753	-	37,610,753
Interest payable	1,146,740	-	1,146,740
Unearned revenue	3,011,526	-	3,011,526
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	7,877,128	-	7,877,128
OPEB liability due within one year	342,351	-	342,351
Long-term liabilities other than OPEB and pensions due in more than one year	98,505,201	-	98,505,201
Total other postemployment benefits (OPEB) liability due in more than one year	16,878,631	-	16,878,631
Aggregate net pension liabilities	179,290,959	-	179,290,959
Total liabilities	344,663,289	-	344,663,289
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	11,526,732	-	11,526,732
Deferred inflows of resources related to pensions	15,661,889	-	15,661,889
Total deferred inflows of resources	27,188,621	-	27,188,621

	Governmental Activities	Business-Type Activities	Total
Net Position			
Net investment in capital assets	163,873,202	38,903	163,912,105
Restricted for			
Debt service	2,428,336	-	2,428,336
Capital projects	19,409,286	-	19,409,286
Educational programs	42,600,308	-	42,600,308
Food service	8,244,257	-	8,244,257
Student activities	1,191,913	-	1,191,913
Proprietary purposes	-	3,932	3,932
Unrestricted (deficit)	(71,625,111)	-	(71,625,111)
Total net position	$ 166,122,191	$ 42,835	$ 166,165,026

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities							
Instruction	$169,760,008	$ 4,008,074	$ 35,300,582	$ 15,751,485	$ (114,699,867)	$ -	$ (114,699,867)
Instruction-related activities							
Supervision of instruction	8,037,703	225,154	1,721,251	-	(6,091,298)	-	(6,091,298)
Instructional library, media, and technology	1,724,507	22,387	142,581	-	(1,559,539)	-	(1,559,539)
School site administration	16,590,430	114,334	1,499,925	-	(14,976,171)	-	(14,976,171)
Pupil services							
Home-to-school transportation	3,982,169	-	37,536	-	(3,944,633)	-	(3,944,633)
Food services	11,034,701	(1,135)	11,691,156	-	655,320	-	655,320
All other pupil services	15,626,737	544,864	2,912,163	-	(12,169,710)	-	(12,169,710)
Administration							
Data processing	3,621,794	-	-	-	(3,621,794)	-	(3,621,794)
All other administration	9,066,125	249,775	2,135,181	-	(6,681,169)	-	(6,681,169)
Plant services	19,341,744	443,722	2,295,909	-	(16,602,113)	-	(16,602,113)
Ancillary services	3,832,926	46,882	2,511,543	-	(1,274,501)	-	(1,274,501)
Interest on long-term liabilities	3,010,454	-	-	-	(3,010,454)	-	(3,010,454)
Other outgo	4,135,267	249,663	687,624	-	(3,197,980)	-	(3,197,980)
Total governmental activities	269,764,565	5,903,720	60,935,451	15,751,485	(187,173,909)	-	(187,173,909)
Business-Type Activities							
Enterprise services	3,754	-	-	-	-	(3,754)	(3,754)
Total primary government	$269,768,319	$ 5,903,720	$ 60,935,451	$ 15,751,485	(187,173,909)	(3,754)	(187,177,663)

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues and Subventions			
Property taxes, levied for general purposes	$ 42,065,178	$ -	$ 42,065,178
Property taxes, levied for debt service	5,190,428	-	5,190,428
Taxes levied for other specific purposes	2,357,412	-	2,357,412
Federal and State aid not restricted to specific purposes	148,453,259	-	148,453,259
Interest and investment earnings	6,714,856	134	6,714,990
Interagency revenues	58,508	-	58,508
Miscellaneous	6,261,075	-	6,261,075
Subtotal, general revenues and subventions	211,100,716	134	211,100,850
Change in Net Position	23,926,807	(3,620)	23,923,187
Net Position - Beginning, as previously reported	154,028,253	46,455	154,074,708
Adjustments (Note 15)	(11,832,869)	-	(11,832,869)
Net Position - Beginning as Restated	142,195,384	46,455	142,241,839
Net Position - Ending	$ 166,122,191	$ 42,835	$ 166,165,026

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 141,621,130	$ 4,446	$ 47,588,606	$ 189,214,182
Receivables	13,373,483	-	4,778,950	18,152,433
Due from other funds	623,844	-	-	623,844
Prepaid expenditures	6,305	-	1,224,268	1,230,573
Stores inventories	483,138	-	277,029	760,167
Total assets	$ 156,107,900	$ 4,446	$ 53,868,853	$ 209,981,199
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 36,507,739	$ -	$ 1,087,802	$ 37,595,541
Due to other funds	250	-	623,594	623,844
Unearned revenue	2,649,950	-	361,576	3,011,526
Total liabilities	39,157,939	-	2,072,972	41,230,911
Fund Balances				
Nonspendable	509,518	-	1,501,297	2,010,815
Restricted	42,237,045	4,446	33,051,900	75,293,391
Committed	26,635,746	-	-	26,635,746
Assigned	14,660,815	-	17,242,684	31,903,499
Unassigned	32,906,837	-	-	32,906,837
Total fund balances	116,949,961	4,446	51,795,881	168,750,288
Total liabilities and fund balances	$ 156,107,900	$ 4,446	$ 53,868,853	$ 209,981,199

Total Fund Balance - Governmental Funds		$ 168,750,288
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 451,165,933	
Accumulated depreciation and amortization is	(193,605,750)	
Net capital assets		257,560,183
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,146,740)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		503,088
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	204,234	
Other postemployment benefits (OPEB)	4,186,923	
Net pension liability	66,147,106	
Total deferred outflows of resources		70,538,263
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(11,526,732)	
Net pension liability	(15,661,889)	
Total deferred inflows of resources		(27,188,621)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(179,290,959)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(17,220,982)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds including unamortized premiums	(91,097,346)	
Certificates of participation	(3,020,752)	
Leases	(45,668)	
Compensated absences	(12,218,563)	
Total long-term liabilities		(106,382,329)
Total net position - governmental activities		$ 166,122,191

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	$184,886,374	$ -		$ -	$184,886,374
Federal sources	13,710,135	-		9,325,668	23,035,803
Other State sources	23,825,087	-		24,904,781	48,729,868
Other local sources	28,853,640	55,280		14,296,204	43,205,124
Total revenues	251,275,236	55,280		48,526,653	299,857,169
Expenditures					
Current					
Instruction	165,531,450	-		4,257,322	169,788,772
Instruction-related activities					
Supervision of instruction	7,231,030	-		1,088,789	8,319,819
Instructional library, media, and technology	1,441,645	-		27,973	1,469,618
School site administration	16,150,447	-		824,481	16,974,928
Pupil services					
Home-to-school transportation	7,624,387	-		-	7,624,387
Food services	417,803	-		10,272,965	10,690,768
All other pupil services	15,614,671	-		425,994	16,040,665
Administration					
Data processing	3,723,541	-		-	3,723,541
All other administration	8,141,343	-		652,064	8,793,407
Plant services	18,598,311	-		233,340	18,831,651
Ancillary services	1,554,673	-		2,318,793	3,873,466
Other outgo	4,135,267	-		-	4,135,267
Facility acquisition and construction	3,947,176	1,488,174		6,348,904	11,784,254
Debt service					
Principal	37,527	-		4,647,324	4,684,851
Interest and other	-	-		3,051,879	3,051,879
Total expenditures	254,149,271	1,488,174		34,149,828	289,787,273
Excess (Deficiency) of Revenues Over Expenditures	(2,874,035)	(1,432,894)		14,376,825	10,069,896
Other Financing Sources (Uses)					
Transfers in	368,415	-		1,078,443	1,446,858
Transfers out	(1,000,000)	(78,443)		(368,415)	(1,446,858)
Net Financing Sources (Uses)	(631,585)	(78,443)		710,028	-
Net Change in Fund Balances	(3,505,620)	(1,511,337)		15,086,853	10,069,896
Fund Balance - Beginning	120,455,581	1,515,783	18,652,441	18,056,587	158,680,392
Adjustments (Note 15)	-	-	(18,652,441)	18,652,441	-
Fund Balance - Beginning, as restated	120,455,581	1,515,783	-	36,709,028	158,680,392
Fund Balance - Ending	$116,949,961	$ 4,446	$ -	$ 51,795,881	$168,750,288

Total Net Change in Fund Balances - Governmental Funds		$ 10,069,896
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.		
Depreciation and amortization expense	$ (11,571,703)	
Capital outlay	17,246,610	
Net expense adjustment		5,674,907
A (loss) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(1,426,780)
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used.		(60,388)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and net pension liability during the year.		5,555,203
In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and total OPEB liability during the year.		(843,072)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	305,493
Deferred charge on refunding amortization	(33,134)
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	4,190,000
Certificates of participation	457,324
Leases	37,527
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	74,559
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(74,728)
Change in net position of governmental activities	$ 23,926,807

	Business-Type Activities - Enterprise Funds	Governmental Activities -
	Cafeteria Enterprise	Internal Service Fund
Assets		
Current assets		
Deposits and investments	$ 3,932	$ 502,232
Receivables	-	16,068
Total current assets	3,932	518,300
Noncurrent assets		
Capital assets, net of accumulated depreciation	38,903	-
Total assets	42,835	518,300
Liabilities		
Current liabilities		
Accounts payable	-	15,212
Net Position		
Net investment in capital assets	38,903	-
Restricted	3,932	503,088
Total net position	$ 42,835	$ 503,088

	Business-Type Activities - Enterprise Funds	Governmental Activities -
	Cafeteria Enterprise	Internal Service Fund
Operating Revenues		
Charges for services	$ -	$ -
Operating Expenses		
Supplies and materials	-	5,799
Facility rental	-	10,057
Other operating cost	3,754	82,979
Total operating expenses	3,754	98,835
Operating Loss	(3,754)	(98,835)
Nonoperating Revenues		
Fair market value adjustments	15	4,038
Interest income	119	20,069
Total nonoperating revenues	134	24,107
Change in Net Position	(3,620)	(74,728)
Total Net Position - Beginning	46,455	577,816
Total Net Position - Ending	$ 42,835	$ 503,088

	Business-Type Activities - Enterprise Funds	Governmental Activities -
	Cafeteria Enterprise	Internal Service Fund
Operating Activities		
Cash receipts from customers	$ -	$ (16,068)
Cash payments to other suppliers of goods or services	-	(89,370)
Net Cash Used for Operating Activities	-	(105,438)
Investing Activities		
Interest on investments	119	20,069
Fair market value adjustment	15	4,038
Net Cash From Investing Activities	134	24,107
Net Change in Cash and Cash Equivalents	134	(81,331)
Cash and Cash Equivalents, Beginning	3,798	583,563
Cash and Cash Equivalents, Ending	$ 3,932	$ 502,232
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (3,754)	$ (98,835)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	3,754	-
Changes in assets and liabilities		
Accounts receivable	-	(16,068)
Accounts payable	-	9,465
Net Cash Used for Operating Activities	$ -	$ (105,438)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Turlock Unified School District (the District) was unified on July 1, 2004, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates seven K-6 elementary schools, two elementary magnet schools, one middle school, one junior high school, two comprehensive high schools, and a continuation high school, as well as preschool, Head Start, and adult education programs.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Turlock Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Turlock Public Schools Financing Agency was formed in 1991 by a joint powers agreement between the then separate school districts, Turlock Joint Elementary School District and Turlock Joint Union High School District, pursuant to the Mello-Roos Community Facilities Act of 1982. In 2004 when the two districts were unified, the Turlock Unified School District succeeded to the rights and obligations of under the agreement. The agency established Community Facilities District No. 1991-1 for the purpose of administering and collecting special taxes for its member districts.

The Turlock Schools Financing Corporation, a nonprofit public benefits corporation, was formed for the sole purpose of providing financial assistance to the district by financing various capital outlay projects.

Other Organizations

The District has an approved Charter for eCademy Charter School pursuant to *Education Code* Section 47605. The non-classroom based Charter School is operated by the District, and its financial activities are presented in the District's financial statements within the General Fund.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds.

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the *California State Accounting Manual* (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 15, Pupil Transportation Equipment Fund and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of $14,660,815.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues for restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

- **Mello Roos Fund** The Mello Roos Fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued by the District (*Education Code* Sections 15125-15262).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Cafeteria Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the vending operations of the District.

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insurance fund that is accounted for in an internal service fund which is used to pay claims or losses not covered by property and liability insurance such as those under deductible amounts.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for the business-type activities of the District and for each governmental function. 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, except for depreciation and amortization of capital assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-

financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Net position restricted for other activities results from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of this fund are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

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. Fair values of investments in county and State investment pools are determined by the program sponsor.

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Stores Inventories

Stores inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 5 to 15 years. Land is not depreciated.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method or the same method amortizing the debt.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, a liability for compensated absences is recognized upon the occurrence of relevant events such as

employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as liabilities of the governmental funds.

However, compensated absences, bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Premiums

Debt premiums are reported as liabilities in the governmental activities Statement of Net Position. Debt premiums are amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, debt premiums are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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 participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief financial officer may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than 5.0% of General Fund expenditures and other financing uses. Should the reserve fall below 5.0%, it shall be recovered at a rate of at least 1.0% annually.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $73,878,032 of restricted net position.

Operating Revenues and Expenses – Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are vending sales reported in the Cafeteria Enterprise Fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

The preparation of the financial statements in conformity with GAAS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 15.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental activities	$ 189,716,414
Business-type activities	3,932
Total deposits and investments	$ 189,720,346

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

Cash on hand and in banks	$ 1,400,718
Cash in revolving	20,675
Investments	188,298,953
Total deposits and investments	$ 189,720,346

Policies and Practices

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.

Investment in County Treasury - 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). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the county treasurer for the entire portfolio (in relation to the amortized cost of 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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules 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	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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 has 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 County Pool which purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $188,298,953 in the Stanislaus County Treasury Investment Pool that has an average weighted maturity of 242 days.

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% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, $770,261 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government				
Categorical aid	$ 4,096,484	$ 1,802,238	$ -	$ 5,898,722
State Government				
Categorical aid	5,175,800	1,351,890	-	6,527,690
Local Sources	4,101,199	1,624,822	16,068	5,742,089
Total	$ 13,373,483	$ 4,778,950	$ 16,068	$ 18,168,501

Note 4 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 15,015,978	$ -	$ (4,500)	$ 15,011,478
Construction in progress	6,216,611	7,301,212	(4,964,977)	8,552,846
Total capital assets not being depreciated or amortized	21,232,589	7,301,212	(4,969,477)	23,564,324
Capital assets being depreciated and amortized				
Land improvements	72,732,690	5,010,819	(264,539)	77,478,970
Buildings and improvements	316,974,790	4,061,457	(2,351,816)	318,684,431
Furniture and equipment	26,177,640	5,838,099	(767,653)	31,248,086
Right-to-use leased furniture and equipment	190,122	-	-	190,122
Total capital assets being depreciated and amortized	416,075,242	14,910,375	(3,384,008)	427,601,609
Total capital assets	437,307,831	22,211,587	(8,353,485)	451,165,933
Accumulated depreciation and amortization				
Land improvements	(31,379,335)	(2,535,181)	162,343	(33,752,173)
Buildings and improvements	(134,078,036)	(7,834,124)	1,085,974	(140,826,186)
Furniture and equipment	(18,426,738)	(1,166,182)	713,411	(18,879,509)
Right-to-use leased furniture and equipment	(111,666)	(36,216)	-	(147,882)
Total accumulated depreciation and amortization	(183,995,775)	(11,571,703)	1,961,728	(193,605,750)
Net depreciable and amortizable capital assets	232,079,467	3,338,672	(1,422,280)	233,995,859
Governmental activities capital assets, net	$ 253,312,056	$ 10,639,884	$ (6,391,757)	$ 257,560,183
Business-Type Activities				
Furniture and equipment	$ 109,679	$ -	$ -	$ 109,679
Less accumulated depreciation	(67,022)	(3,754)	-	(70,776)
Business-type activities capital assets, net	$ 42,657	$ (3,754)	$ -	$ 38,903

Depreciation and amortization expense was charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities	
Instruction	$ 7,488,876
Supervision of instruction	28,366
Instructional library, media, and technology	283,667
School site administration	312,034
Home-to-school transportation	907,735
Food services	794,268
All other pupil services	226,934
Data processing	56,734
All other administration	451,887
Plant services	1,021,202
Total depreciation and amortization expense - governmental activities	11,571,703
Business-Type Activities	
Depreciation and amortization expenses	3,754
Total depreciation and amortization expense - all activities	$ 11,575,457

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds and proprietary funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	$ 623,844	$ 250
Non-Major Governmental Funds		
Adult Education	-	7,829
Child Development	-	289,051
Cafeteria	-	326,714
Total	$ 623,844	$ 623,844

All balances resulted from the time lag between that date (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2025, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for construction project costs.	$ 1,000,000
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the General Fund to cover AB218 Insurance cost for 2024-2025.	233,057
The Adult Education Non-Major Governmental Fund transferred to the General Fund to partially repay a temporary loan for Apprenticeship funding.	90,826
The Building Fund transferred to the Capital Facilities Non-Major Governmental Fund for a coding correction.	78,443
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for developer fee 3% admininstration costs.	44,532
Total	$ 1,446,858

Note 6 - Accounts Payable

Accounts payable at June 30, 2025, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Vendor payables	$ 9,823,183	$ 595,455	$ 15,212	$ 10,433,850
State apportionment	17,120,260	-	-	17,120,260
Salaries and benefits	9,564,296	492,347	-	10,056,643
Total	$ 36,507,739	$ 1,087,802	$ 15,212	$ 37,610,753

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2025, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 1,675,377	$ -	$ 1,675,377
State categorical aid	974,573	361,576	1,336,149
Total	$ 2,649,950	$ 361,576	$ 3,011,526

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2024, as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 91,870,000	$ -	$ (4,190,000)	$ 87,680,000	$ 2,805,000
Unamortized debt premiums	3,722,839	-	(305,493)	3,417,346	-
Certificates of participation	3,478,076	-	(457,324)	3,020,752	471,852
Leases	83,195	-	(37,527)	45,668	39,016
Compensated absences	12,158,175	60,388	-	12,218,563	4,561,260
Total	$ 111,312,285	$ 60,388	$ (4,990,344)	$ 106,382,329	$ 7,877,128

The change in compensated absences is presented as a net change.

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund with local property taxes. The premiums will be amortized over the life of the related debt. The certificates of participation are paid from the Capital Facilities Fund. The lease payments are paid from the fund using the right-to-use leased assets. All other payments are primarily made from the General Fund.

General Obligation Bonds

2013 General Obligation Refunding Bonds

On April 30, 2014, the District issued $8,475,000 in general obligation refunding bonds. The bonds were issued to refund the remaining 2002 Series 2004 General Obligation Bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds with interest rates ranging from 2.00% to 3.125% and are scheduled to mature through June 1, 2029.

2015 General Obligation Refunding Bonds

In July 2015, the District issued $21,885,000 in general obligation refunding bonds. The bonds were issued to refund the remaining Measure Y, Series 2007 General Obligation Bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds with interest rates ranging from 2.00% to 5.00% and are scheduled to mature through August 1, 2032.

2015 General Obligation Refunding Bonds (School Facilities Improvement District No. 1)

In July 2015, the School Facilities Improvement District No. 1 of the Turlock Unified School District issued $7,915,000 in general obligation refunding bonds. The bonds were issued to refund the remaining Measure Z, Series 2007 General Obligation Bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds with interest rates ranging from 2.00% to 5.00% and are scheduled to mature through June 1, 2032.

Election of 2016, Series 2017 General Obligation Bonds

In April 2017, the District issued $14,700,000 in general obligation bonds under Measure O. The bonds were issued to upgrade and repair high schools within the District. The Series 2017 General Obligation Bonds were issued as current interest bonds with interest rates ranging from 3.125% to 5.00% and are scheduled to mature through August 1, 2046.

Election of 2016, Series 2017 General Obligation Bonds (School Facilities Improvement District No. 1)

In April 2017, the School Facilities Improvement District No. 1 of the Turlock Unified School District issued $12,500,000 in general obligation bonds under Measure N. The bonds were issued to upgrade and repair elementary schools within the District. The Series 2017 General Obligation Bonds were issued as current interest bonds with interest rates ranging from 3.125% to 5.00% and are scheduled to mature through August 1, 2046.

Election of 2016, Series 2019 General Obligation Bonds

In May 2019, the District issued $33,300,000 in general obligation bonds under Measure O. The bonds were issued to finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 8, 2016 and to pay certain costs of issuance of the bonds. The Series 2019 General Obligation Bonds were issued as current interest bonds with interest rates ranging from 3.00% to 5.00% and are scheduled to mature through August 1, 2046.

Election of 2016, Series 2019 General Obligation Bonds (School Facilities Improvement District No. 1)

In May 2019, the School Facilities Improvement District No. 1 of the Turlock Unified School District issued $13,600,000 in general obligation bonds under Measure N. The bonds were issued to finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 8, 2016 and to pay certain costs of issuance of the bonds. The Series 2019 General Obligation Bonds were issued as current interest bonds with interest rates ranging from 3.00% to 5.00% and are scheduled to mature through August 1, 2047.

Election of 2016, Series 2020 General Obligation Bonds (School Facilities Improvement District No. 1)

In August 2020, the School Facilities Improvement District No. 1 of the Turlock Unified School District issued $14,700,000 in general obligation bonds under Measure N. The bonds were issued to finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 8, 2016 and to pay certain costs of issuance of the bonds. The Series 2019 General Obligation Bonds were issued as current interest bonds with interest rates ranging from 3.00% to 5.00% and are scheduled to mature through August 1, 2047.

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2024	Redeemed	Bonds Outstanding June 30, 2025
2014	6/1/29	2.0-3.125	$ 8,475,000	$ 3,035,000	$ (570,000)	$ 2,465,000
2016	8/1/32	2.0-5.0	21,885,000	5,840,000	(2,095,000)	3,745,000
2016	6/1/32	2.0-5.0	7,915,000	4,510,000	(480,000)	4,030,000
2017	8/1/46	3.125-5.0	14,700,000	11,940,000	-	11,940,000
2017	8/1/46	3.125-5.0	12,500,000	10,180,000	-	10,180,000
2019	8/1/46	3.0-5.0	33,300,000	30,980,000	(555,000)	30,425,000
2019	8/1/47	3.0-5.0	13,600,000	11,970,000	-	11,970,000
2021	8/1/47	3.0-5.0	14,700,000	13,415,000	(490,000)	12,925,000
Total				$ 91,870,000	$ (4,190,000)	$ 87,680,000

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2026	$ 2,805,000	$ 2,796,869	$ 5,601,869
2027	3,015,000	2,672,494	5,687,494
2028	3,115,000	2,547,193	5,662,193
2029	3,355,000	2,423,168	5,778,168
2030	2,935,000	2,308,691	5,243,691
2031-2035	14,815,000	10,213,314	25,028,314
2036-2040	17,650,000	7,852,335	25,502,335
2041-2045	24,775,000	4,579,657	29,354,657
2046-2048	15,215,000	618,538	15,833,538
Total	$ 87,680,000	$ 36,012,259	$ 123,692,259

Certificates of Participation

On June 25, 2015, the District issued 2015 Refunding Certificates of Participation in the aggregate amount of $7,111,787 to refund the District's 2005 Certificates of Participation. The Certificates were issued and an interest rate of 3.00% and are scheduled to mature through August 1, 2030.

The certificates mature through 2031 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 471,852	$ 83,545	$ 555,397
2027	485,488	69,185	554,673
2028	498,723	54,422	553,145
2029	516,170	39,198	555,368
2030	527,887	23,537	551,424
2031	520,632	7,809	528,441
Total	$ 3,020,752	$ 277,696	$ 3,298,448

Leases

The District has entered into an agreement to lease equipment. The District's liability on the lease agreement is summarized below:

Lease	Leases Outstanding July 1, 2024	Payments	Leases Outstanding June 30, 2025
Konica Minolta	$ 83,195	$ (37,527)	$ 45,668

Copier Lease

The District entered an agreement to lease copiers for five years and three months, beginning June 2021. Under the terms of the lease, the District will pay monthly payments of $3,342, which amounted to total principal and interest costs of $210,456. The annual interest rate charged on the lease is 3.9%. At June 30, 2025, the District has recognized a right-to-use leased asset of $190,122 and a lease liability of $45,668 related to this agreement. During the year ended June 30, 2025, the District recorded $36,216 in amortization expense and $2,577 in interest expense for the right-to-use the copiers. The District also pays for each additional copy in excess of the contracted amount, which is not included in the measurement of the lease liability as they are variable in nature.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 39,016	$ 1,088	$ 40,104
2027	6,652	33	6,685
Total	$ 45,668	$ 1,121	$ 46,789

Note 9 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported a net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 16,646,903	$ 4,186,923	$ 11,526,732	$ 1,401,327
Medicare Premium Payment (MPP) Program	574,079	-	-	(105,469)
Total	$ 17,220,982	$ 4,186,923	$ 11,526,732	$ 1,295,858

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	156
Active employees	1,644
Total	1,800

Benefits Provided

Retirees are entitled to statutory minimum benefits under PEMHCA using the unequal contribution method. In 2024, retirees are entitled to a District contribution of 100% of the statutory minimum, or $157.00 per month. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Turlock Teachers Association (TTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2025, the District paid $294,840 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $16,646,903 was measured as of June 30, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2024 and rolling forward the total OPEB liability to June 30, 2025. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	5.20%
Healthcare cost trend rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2024	$ 19,022,557
Service cost	1,164,137
Interest	764,668
Changes of assumptions	(4,009,619)
Benefit payments	(294,840)
Net change in total OPEB liability	(2,375,654)
Balance, June 30, 2025	$ 16,646,903

Changes in Benefit Terms - There were no changes in the benefit terms since the previous measurement.

Changes of Assumptions - The discount rate assumption was changed from 3.93% to 5.20% since the previous measurement.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (4.2%)	$ 19,713,118
Current discount rate (5.2%)	16,646,903
1% increase (6.2%)	14,288,703

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3%)	$ 13,560,495
Current discount rate (4%)	16,646,903
1% increase (5%)	20,356,118

OPEB Expense, 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 $1,401,327. 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	$ -	$ 3,194,140
Changes of assumptions	4,186,923	8,332,592
Total	$ 4,186,923	$ 11,526,732

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2026	$ 473,983
2027	473,983
2028	473,983
2029	473,983
2030	473,983
Thereafter	1,817,008
Total	$ 4,186,923

Year Ended June 30,	Deferred Inflows of Resources
2026	$ 1,159,407
2027	1,159,407
2028	1,159,407
2029	1,159,407
2030	1,159,407
Thereafter	5,729,697
Total	$ 11,526,732

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of $574,079 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.2154% and 0.2240%, resulting in a net decrease in the proportionate share of 0.0086%.

For the year ended June 30, 2025, the District recognized OPEB expense of ($105,469).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, 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 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	$ 619,416
Current discount rate (3.93%)	574,079
1% increase (4.93%)	534,212

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	$ 531,823
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	574,079
1% increase (6.00% Part A and 7.50% Part B)	621,256

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 20,075	$ -	$ -	$ 20,075
Stores inventories	483,138	-	277,029	760,167
Prepaid expenditures	6,305	-	1,224,268	1,230,573
Total nonspendable	509,518	-	1,501,297	2,010,815
Restricted				
Legally restricted programs	42,237,045	-	363,263	42,600,308
Student activities	-	-	1,191,913	1,191,913
Food service	-	-	8,244,257	8,244,257
Capital projects	-	4,446	19,677,391	19,681,837
Debt services	-	-	3,575,076	3,575,076
Total restricted	42,237,045	4,446	33,051,900	75,293,391
Committed				
Major repair projects	693,775	-	-	693,775
MAA	1,002,811	-	-	1,002,811
Site budgets	615,619	-	-	615,619
Donations	70,675	-	-	70,675
STEM	67,821	-	-	67,821
District iniatives	4,089,159	-	-	4,089,159
Textbook adoptions	20,020,651	-	-	20,020,651
Various miscellaneous	75,235	-	-	75,235
Total committed	26,635,746	-	-	26,635,746
Assigned				
Postemployment benefits	14,640,199	-	-	14,640,199
Pupil transportation	20,616	-	-	20,616
Capital projects	-	-	17,242,684	17,242,684
Total assigned	14,660,815	-	17,242,684	31,903,499
Unassigned				
Reserve for economic uncertainties	12,754,587	-	-	12,754,587
Remaining unassigned	20,152,250	-	-	20,152,250
Total unassigned	32,906,837	-	-	32,906,837
Total	$ 116,949,961	$ 4,446	$ 51,795,881	$ 168,750,288

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2025, the District contracted with Northern California Schools Insurance Group (NCSIG) for property and liability insurance coverage. NCSIG and its members belong to the Northern California Regional Excess Liability Fund and the Schools Excess Liability Fund for stop-loss property and liability coverage. The relationship between the District and NCSIG is such that it is not a component unit of the District for financial reporting purposes.

Workers' Compensation

The District is a member of the Central Region Schools' Insurance Group (CRSIG) public entity risk pool. The intent of the CRSIG pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the CRSIG pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the CRSIG pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the CRSIG pool. The relationship between the District and CRSIG is such that it is not a component unit of the District for financial reporting purposes.

Note 12 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 99,158,304	$ 38,123,155	$ 15,068,262	$ 10,968,779
CalPERS	80,132,655	28,023,951	593,627	15,618,060
Total	$ 179,290,959	$ 66,147,106	$ 15,661,889	$ 26,586,839

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. 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 of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were $19,163,469.

Pension Liabilities, 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 that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 99,158,304
State's proportionate share of the net pension liability	45,494,171
Total	$ 144,652,475

The net pension liability was measured as of June 30, 2024. 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 member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1476% and 0.1514%, resulting in a net decrease in the proportionate share of 0.0038%.

For the year ended June 30, 2025, the District recognized pension expense of $10,968,779. In addition, the District recognized pension expense and revenue of $4,141,712 for 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
Pension contributions subsequent to measurement date	$ 19,163,469	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,309,549	3,559,857
Differences between projected and actual earnings on pension plan investments	-	400,100
Differences between expected and actual experience in the measurement of the total pension liability	11,216,080	4,336,137
Changes of assumptions	434,057	6,772,168
Total	$ 38,123,155	$ 15,068,262

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (6,647,291)
2027	8,005,808
2028	(653,176)
2029	(1,105,441)
Total	$ (400,100)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 1,258,524
2027	288,690
2028	312,751
2029	1,481,212
2030	1,788,268
Thereafter	(837,921)
Total	$ 4,291,524

Actuarial Methods and Assumptions

Total pension liability for 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. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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 our 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input 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 for the year ended June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. 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 expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 176,370,177
Current discount rate (7.10%)	99,158,304
1% increase (8.10%)	34,683,187

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.050%	27.050%

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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the 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. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $12,978,573.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $80,132,655. The net pension liability was measured as of June 30, 2024. 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 school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.2242% and 0.2247%, resulting in a net decrease in the proportionate share of 0.0005%.

For the year ended June 30, 2025, the District recognized pension expense of $15,618,060. At June 30, 2025, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,978,573	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,443,534	20,120
Differences between projected and actual earnings on pension plan investments	3,112,691	-
Differences between expected and actual experience in the measurement of the total pension liability	6,717,951	573,507
Changes of assumptions	1,771,202	-
Total	$ 28,023,951	$ 593,627

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (26,833)
2027	4,839,527
2028	(715,100)
2029	(984,903)
Total	$ 3,112,691

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 5,837,968
2027	4,001,416
2028	1,499,676
Total	$ 11,339,060

Actuarial Methods and Assumptions

Total pension liability for the SEP 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. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

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 the contributions from plan members and employers 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 these assumptions, SEP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on SEP investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 119,037,729
Current discount rate (6.90%)	80,132,655
1% increase (7.90%)	47,993,968

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.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $9,186,222 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under GAAS, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Turlock High School - various	$ 8,546,873	November 2026
Osborn Elementary School - various	5,772,088	February 2026
Total	$ 14,318,961	

Note 14 - Participation in Joint Powers Authorities

The District is a member of the Central Region Schools' Insurance Group (CRSIG) and the Northern California Schools Insurance Group (NCSIG) joint powers authorities (JPA's). The District pays an annual premium to the applicable JPA for its workers' compensation, and property liability coverage. The relationships between the District and the JPAs is such that they are not component units of the District for financial reporting purposes. These JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the JPAs and the District are included in these statements. Audited financial statements are generally available from the respective entities.

Note 15 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences increased by $11,832,869 as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	Government-Wide Governmental Activities
Beginning, as previously reported on July 1, 2024	$ 154,028,253
Change in accounting principle	(11,832,869)
Beginning, as Restated on July 1, 2024	$ 142,195,384

Change within the Reporting Entity

During year ended June 30, 2025, there was a change within the financial reporting entity which resulted in the Special Reserve Fund for Capital Outlay Projects being reported as a nonmajor fund instead of major fund which resulted in adjustments to and restatements of beginning fund balance is described in the table below.

	Governmental Funds	
	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Beginning, as previously reported on July 1, 2024	$ 18,652,441	$ 18,056,587
Change to or within the financial reporting entity	(18,652,441)	18,652,441
Beginning, as Restated on July 1, 2024	$ -	$ 36,709,028

Required Supplementary Information
June 30, 2025

Turlock Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$184,067,784	$187,908,182	$184,886,374	$ (3,021,808)
Federal sources	9,382,857	15,425,107	13,710,135	(1,714,972)
Other State sources	27,073,902	28,385,828	23,825,087	(4,560,741)
Other local sources	16,177,201	25,912,765	28,853,640	2,940,875
Total revenues [1]	236,701,744	257,631,882	251,275,236	(6,356,646)
Expenditures				
Current				
Certificated salaries	96,926,106	101,864,822	99,962,920	1,901,902
Classified salaries	51,344,784	50,373,528	48,256,223	2,117,305
Employee benefits	61,035,045	64,055,901	60,091,067	3,964,834
Books and supplies	11,330,301	14,170,829	9,730,037	4,440,792
Services and operating expenditures	25,738,399	28,247,758	23,363,045	4,884,713
Other outgo	4,614,785	4,466,849	3,590,998	875,851
Capital outlay	2,705,423	12,860,825	9,117,454	3,743,371
Debt service				
Debt service - principal	-	-	37,527	(37,527)
Total expenditures [1]	253,694,843	276,040,512	254,149,271	21,891,241
Excess (Deficiency) of Revenues Over Expenditures	(16,993,099)	(18,408,630)	(2,874,035)	15,534,595
Other Financing Sources (Uses)				
Transfers in	30,013	263,070	368,415	105,345
Transfers out	-	(1,000,000)	(1,000,000)	-
Net financing sources (uses)	30,013	(736,930)	(631,585)	105,345
Net Change in Fund Balances	(16,963,086)	(19,145,560)	(3,505,620)	15,639,940
Fund Balance - Beginning	120,455,581	120,455,581	120,455,581	-
Fund Balance - Ending	$103,492,495	$101,310,021	$116,949,961	$ 15,639,940

[1] Due to the consolidation of Fund 15, Pupil Transportation Equipment Fund, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Turlock Unified School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 1,164,137	$ 1,054,117	$ 1,057,627	$ 1,575,770
Interest	764,668	719,382	660,351	541,111
Experience gains	-	(970,081)	-	(2,699,249)
Difference between expected and actual experience	-	-	-	-
Changes of assumptions	(4,009,619)	(809,862)	(383,199)	(5,303,240)
Benefit payments	(294,840)	(306,081)	(249,750)	(255,816)
Net change in total OPEB liability	(2,375,654)	(312,525)	1,085,029	(6,141,424)
Total OPEB Liability - Beginning	19,022,557	19,335,082	18,250,053	24,391,477
Total OPEB Liability - Ending	$ 16,646,903	$ 19,022,557	$ 19,335,082	$ 18,250,053
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Turlock Unified School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Year Ended June 30, 2025

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 1,516,045	$ 1,011,109	$ 904,403	$ 880,198
Interest	506,998	566,026	494,657	490,310
Experience gains	-	-	-	-
Difference between expected and actual experience	-	(855,612)	-	-
Changes of assumptions	191,204	6,109,751	771,038	-
Benefit payments	(220,217)	(200,875)	(167,792)	(161,337)
Net change in total OPEB liability	1,994,030	6,630,399	2,002,306	1,209,171
Total OPEB Liability - Beginning	22,397,447	15,767,048	13,764,742	12,555,571
Total OPEB Liability - Ending	$ 24,391,477	$ 22,397,447	$ 15,767,048	$ 13,764,742
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2025	2024	2023	2022 [2]
Proportion of the net OPEB liability	0.2154%	0.2240%	0.2122%	0.2085%
Proportionate share of the net OPEB liability	$ 574,079	$ 679,548	$ 698,850	$ 831,566
Covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.
[2] There was no proportionate share allocation for the District prior to June 30, 2022.

Note: In the future, as data becomes available, ten years of information will be presented.

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.1476%	0.1514%	0.1414%	0.1387%	0.1401%
Proportionate share of the net pension liability	$ 99,158,304	$ 115,313,011	$ 98,224,875	$ 63,118,051	$ 135,791,919
State's proportionate share of the net pension liability	45,494,171	55,249,706	49,190,634	31,758,555	70,000,750
Total	$ 144,652,475	$ 170,562,717	$ 147,415,509	$ 94,876,606	$ 205,792,669
Covered payroll	$ 98,600,330	$ 94,073,183	$ 81,883,877	$ 76,026,272	$ 76,839,053
Proportionate share of the net pension liability as a percentage of its covered payroll	100.57%	122.58%	119.96%	83.02%	176.72%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.1398%	0.1285%	0.1266%	0.1282%	0.1306%
Proportionate share of the net pension liability	$ 126,233,020	$ 118,064,587	$ 117,081,605	$ 103,681,340	$ 87,945,115
State's proportionate share of the net pension liability	68,868,540	67,597,498	69,264,488	59,023,938	46,506,979
Total	$ 195,101,560	$ 185,662,085	$ 186,346,093	$ 162,705,278	$ 134,452,094
Covered payroll	$ 76,417,881	$ 69,250,901	$ 67,388,601	$ 61,900,890	$ 59,911,984
Proportionate share of the net pension liability as a percentage of its covered payroll	165.19%	170.49%	173.74%	167.50%	146.79%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.2242%	0.2247%	0.2013%	0.2005%	0.2034%
Proportionate share of the net pension liability	$ 80,132,655	$ 81,348,410	$ 69,281,411	$ 40,765,004	$ 62,414,123
Covered payroll	$ 44,806,960	$ 40,645,077	$ 31,206,993	$ 28,815,246	$ 29,580,899
Proportionate share of the net pension liability as a percentage of its covered payroll	178.84%	200.14%	222.01%	141.47%	210.99%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.1962%	0.1856%	0.1817%	0.1835%	0.1789%
Proportionate share of the net pension liability	$ 57,194,103	$ 49,477,549	$ 43,364,927	$ 36,237,590	$ 26,353,721
Covered payroll	$ 27,425,916	$ 24,732,419	$ 23,103,874	$ 19,989,041	$ 17,997,524
Proportionate share of the net pension liability as a percentage of its covered payroll	208.54%	200.05%	187.70%	181.29%	146.43%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	$ 19,163,469	$ 18,832,663	$ 17,967,978	$ 13,854,752	$ 12,278,243
Less contributions in relation to the contractually required contribution	19,163,469	18,832,663	17,967,978	13,854,752	12,278,243
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 100,332,298	$ 98,600,330	$ 94,073,183	$ 81,883,877	$ 76,026,272
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 13,139,478	$ 12,440,831	$ 9,992,905	$ 8,477,786	$ 5,496,799
Less contributions in relation to the contractually required contribution	13,139,478	12,440,831	9,992,905	8,477,786	5,496,799
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 76,839,053	$ 76,417,881	$ 69,250,901	$ 67,388,601	$ 61,900,890
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	$ 12,978,573	$ 11,954,497	$ 10,311,656	$ 7,149,522	$ 5,964,756
Less contributions in relation to the contractually required contribution	12,978,573	11,954,497	10,311,656	7,149,522	5,964,756
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 47,979,937	$ 44,806,960	$ 40,645,077	$ 31,206,993	$ 28,815,246
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 5,833,649	$ 4,953,669	$ 3,841,192	$ 3,208,666	$ 2,352,910
Less contributions in relation to the contractually required contribution	5,833,649	4,953,669	3,841,192	3,208,666	2,352,910
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 29,580,899	$ 27,425,916	$ 24,732,419	$ 23,103,874	$ 19,989,041
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous measurement.
- *Changes of Assumptions* – The discount rate assumption was changed from 3.93% to 5.20% since the previous measurement.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plan fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

- *Changes in Benefit Terms* – There were no changes in benefit terms for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

Turlock Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Education Stabilization Fund			
COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	$ 2,138,979
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	3,012,234
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	2,428
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	11,668
Subtotal			5,165,309
Adult Education: Adult Secondary Education (Section 231)	84.002	13978	97,040
Integrated English Literacy and Civics Education	84.002A	14109	56,962
Adult Education: Adult Basic Education & ELA (Section 231)	84.002A	14508	161,599
Subtotal			315,601
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	3,813,700
Strengthening Career and Technical Education for the 21st Century	84.048	14894	162,450
ESEA (ESSA): Title III, English Learner Student Program	84.365	14346	509,193
ESEA (ESSA): Title II, Part A	84.367	14341	492,626
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	378,351
Education for Homeless Children and Youth	84.196	14332	44,060
Passed through Stanislaus SELPA			
Special Education Cluster			
Special Education: IDEA Local Assistance, Part B, Section 611, Private School ISPs	84.027	10115	9,158
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,975,312
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	159,977
Subtotal Special Education Cluster			3,144,447
Total U.S. Department of Education			14,025,737

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	1,102
School Breakfast Program - Especially Needy Breakfast	10.553	13526	1,546,482
Subtotal			1,547,584
School Lunch - Section 4	10.555	13523	771,631
School Lunch - Section 11	10.555	13524	3,922,102
Commodities	10.555	13526	204,065
Meal Supplements	10.555	13755	197,041
Supply Chain Assistance (SCA) Funds	10.555	15655	383,881
Subtotal			5,478,720
Subtotal Child Nutrition Cluster			7,026,304
Total U.S. Department of Agriculture			7,026,304
U.S. Department of Health and Human Services			
Passed Through CDE			
Head Start Cluster			
Head Start	93.600	10016	2,366,739
Subtotal Head Start Cluster			2,366,739
Total U.S. Department of Health and Human Services			2,366,739
U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226	[1]	904
Total U.S. Department of the Interior			904
Total Federal Financial Assistance			$ 23,419,684

[1] Direct award

	Second Period Report	Annual Report
Turlock Unified School District		
Regular ADA		
Transitional kindergarten through third	3,800.52	3,810.99
Fourth through sixth	2,675.15	2,678.55
Seventh and eighth	1,820.81	1,818.19
Ninth through twelfth	4,278.43	4,266.81
Total regular ADA	12,574.91	12,574.54
Extended Year Special Education		
Transitional kindergarten through third	15.34	15.34
Fourth through sixth	4.48	4.48
Seventh and eighth	2.25	2.25
Ninth through twelfth	5.01	5.01
Total extended year special education	27.08	27.08
Total ADA	12,601.99	12,601.62
eCademy Charter at Crane		
Regular ADA - all non-classroom based		
Transitional kindergarten through third	10.79	10.80
Fourth through sixth	9.08	9.06
Seventh and eighth	15.43	16.15
Ninth through twelfth	81.13	82.87
Total regular ADA	116.43	118.88

Turlock Unified School District

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	36,560	180	Complied
Grades 1 - 3	50,400			
Grade 1		54,790	180	Complied
Grade 2		54,790	180	Complied
Grade 3		54,790	180	Complied
Grades 4 - 8	54,000			
Grade 4		54,790	180	Complied
Grade 5		54,790	180	Complied
Grade 6		54,790	180	Complied
Grade 7		64,591	180	Complied
Grade 8		64,591	180	Complied
Grades 9 - 12	64,800			
Grade 9		64,896	180	Complied
Grade 10		64,896	180	Complied
Grade 11		64,896	180	Complied
Grade 12		64,896	180	Complied

eCademy Charter at Crane, All Nonclassroom Based

Grade Level	Number of Actual Days	Status
Kindergarten	180	Complied
Grades 1 - 3		
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grades 4 - 8		
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grades 9 - 12		
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

	(Budget) 2026 [1]	2025	2024 [1]	2023 [1]
General Fund [3]				
Revenues	$ 244,488,894	$ 250,686,786	$ 256,114,096	$ 261,532,676
Other sources and transfers in	29,569	368,415	35,117	26,676
Total Revenues and Other Sources	244,518,463	251,055,201	256,149,213	261,559,352
Expenditures	262,289,832	254,091,745	240,584,845	227,969,537
Other uses and transfers out	100,000	1,000,000	1,295,000	1,000,000
Total Expenditures and Other Uses	262,389,832	255,091,745	241,879,845	228,969,537
Increase/(Decrease) in Fund Balance	(17,871,369)	(4,036,544)	14,269,368	32,589,815
Ending Fund Balance	$ 84,417,777	$ 102,289,146	$ 106,325,690	$ 92,056,322
Available Reserves [2]	$ 28,375,774	$ 32,906,837	$ 30,305,468	$ 22,871,393
Available Reserves as a Percentage of Total Outgo	10.81%	12.90%	12.53%	9.99%
Long-Term Liabilities [4]	Not Available	$ 302,551,919	$ 315,548,102	$ 292,086,342
Average Daily Attendance at P-2	12,611	12,602	12,545	12,328

The General Fund balance has increased by $10,232,824 over the past two years. The fiscal year 2025-2026 budget projects a decrease of $17,871,369 (17.5%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by $10,465,577 over the past two years primarily due to changes in the District's net pension liability, other postemployment benefits liabilities, and implementation of GASB 101.

Average daily attendance has increased by 274 over the past two years. An increase of nine ADA is anticipated during fiscal year 2025-2026.

[1] Financial information for 2026, 2024, and 2023 are included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Pupil Transportation Equipment Fund and the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.
[4] Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note [Restatement] for further information.

Name of Charter School	Charter Number	Included in Audit Report
eCademy Charter at Crane	1309	Yes
Fusion Charter	1695	No

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Mello Roos Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets										
Deposits and investments	$ 1,191,913	$ 24,870	$ 555,141	$ 6,405,559	$ 6,067,026	$ 13,522,985	$ 15,977,931	$ 268,105	$ 3,575,076	$ 47,588,606
Receivables	-	192,306	503,360	2,459,794	123,490	-	1,500,000	-	-	4,778,950
Prepaid expenditures	-	-	-	-	721,511	-	502,757	-	-	1,224,268
Stores inventories	-	-	-	277,029	-	-	-	-	-	277,029
Total assets	$ 1,191,913	$ 217,176	$ 1,058,501	$ 9,142,382	$ 6,912,027	$ 13,522,985	$ 17,980,688	$ 268,105	$ 3,575,076	$ 53,868,853
Liabilities and Fund Balances										
Liabilities										
Accounts payable	$ -	$ 27,396	$ 226,562	$ 294,382	$ 282,011	$ 22,204	$ 235,247	$ -	$ -	$ 1,087,802
Due to other funds	-	7,829	289,051	326,714	-	-	-	-	-	623,594
Unearned revenue	-	-	361,576	-	-	-	-	-	-	361,576
Total liabilities	-	35,225	877,189	621,096	282,011	22,204	235,247	-	-	2,072,972
Fund Balances										
Nonspendable	-	-	-	277,029	721,511	-	502,757	-	-	1,501,297
Restricted	1,191,913	181,951	181,312	8,244,257	5,908,505	13,500,781	-	268,105	3,575,076	33,051,900
Assigned	-	-	-	-	-	-	17,242,684	-	-	17,242,684
Total fund balances	1,191,913	181,951	181,312	8,521,286	6,630,016	13,500,781	17,745,441	268,105	3,575,076	51,795,881
Total liabilities and fund balances	$ 1,191,913	$ 217,176	$ 1,058,501	$ 9,142,382	$ 6,912,027	$ 13,522,985	$ 17,980,688	$ 268,105	$ 3,575,076	$ 53,868,853

Turlock Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2025

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Mello Roos Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues										
Federal sources	$ -	$ 315,602	$ 2,366,739	$ 6,642,423	$ -	$ -	$ -	$ -	$ 904	$ 9,325,668
Other State sources	-	2,491,538	1,853,738	4,634,814	-	15,895,406	-	-	29,285	24,904,781
Other local sources	2,340,289	85,202	23,804	1,023,872	4,038,497	(143,921)	1,477,446	133,885	5,317,130	14,296,204
Total revenues	2,340,289	2,892,342	4,244,281	12,301,109	4,038,497	15,751,485	1,477,446	133,885	5,347,319	48,526,653
Expenditures										
Current										
Instruction	-	1,100,149	3,157,173	-	-	-	-	-	-	4,257,322
Instruction-related activities										
Supervision of instruction	-	840,847	247,942	-	-	-	-	-	-	1,088,789
Instructional library, media, and technology	-	27,973	-	-	-	-	-	-	-	27,973
School site administration	-	561,907	262,574	-	-	-	-	-	-	824,481
Pupil services										
Food services	-	-	-	10,272,965	-	-	-	-	-	10,272,965
All other pupil services	-	162,951	263,043	-	-	-	-	-	-	425,994
Administration										
All other administration	-	71,633	204,133	326,029	50,269	-	-	-	-	652,064
Plant services	-	32,509	85,611	-	19,675	-	95,545	-	-	233,340
Ancillary services	2,318,793	-	-	-	-	-	-	-	-	2,318,793
Facility acquisition and construction	-	-	-	-	1,020,441	2,250,704	3,055,844	21,915	-	6,348,904
Debt service										
Principal	-	-	-	-	457,324	-	-	-	4,190,000	4,647,324
Interest and other	-	-	-	-	97,482	-	-	-	2,954,397	3,051,879
Total expenditures	2,318,793	2,797,969	4,220,476	10,598,994	1,645,191	2,250,704	3,151,389	21,915	7,144,397	34,149,828

Turlock Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2025

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Mello Roos Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	21,496	94,373	23,805	1,702,115	2,393,306	13,500,781	(1,673,943)	111,970	(1,797,078)	14,376,825
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	78,443	-	1,000,000	-	-	1,078,443
Transfers out	-	(90,826)	-	-	(44,532)	-	(233,057)	-	-	(368,415)
Net Financing Sources (Uses)	-	(90,826)	-	-	33,911	-	766,943	-	-	710,028
Net Change in Fund Balances	21,496	3,547	23,805	1,702,115	2,427,217	13,500,781	(907,000)	111,970	(1,797,078)	15,086,853
Fund Balance - Beginning	1,170,417	178,404	157,507	6,819,171	4,202,799	-	-	156,135	5,372,154	18,056,587
Adjustments (Note 15)	-	-	-	-	-	-	18,652,441	-	-	18,652,441
Fund Balance - Beginning, as restated	1,170,417	178,404	157,507	6,819,171	4,202,799	-	18,652,441	156,135	5,372,154	36,709,028
Fund Balance - Ending	$ 1,191,913	$ 181,951	$ 181,312	$ 8,521,286	$ 6,630,016	$ 13,500,781	$ 17,745,441	$ 268,105	$ 3,575,076	$ 51,795,881

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Turlock Unified School District (the District) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Turlock Unified School District, it is not intended to and does not present the net position, changes in net position or fund balances of Turlock Unified School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District had no food commodities.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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 levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

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.

Schedule of Charter Schools

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

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Other Information
June 30, 2025

Turlock Unified School District

Organization

Turlock Unified School District was unified on July 1, 2004, with the unification of the Turlock Joint Elementary School District and the Turlock Joint Union High School District, and consists of an area comprising approximately 100 square miles. The District provides educational services to PreK-12 students within the boundaries of the original elementary district and to students in grades 9 through 12 from the Chatom Union and Keyes Union School Districts, which were not part of the unification process.

The District operates seven K-6 elementary schools, two elementary magnet schools, one middle school, one junior high school, two comprehensive high schools, and a continuation high school, as well as preschool, Head Start, and adult education programs.

Additionally, the District has a dependent charter school which provides educational services through multiple learning experiences to K-12 students. For reporting purposes, the charter school's budget is included in District's budget.

There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Anthony Silva	President	2028
Lori Carlson	Clerk	2026
Mary Jackson	Member	2026
Patti Eighmey	Member	2028
Debbie Martinez	Member	2028
Anna Ramirez	Member	2028
Patrick Shields	Member	2026

Administration

David Lattig	Interim Superintendent
Marjorie Bettencourt	Assistant Superintendent/Finance and Accountability
Barney Gordon	Assistant Superintendent/Business Services
Fernando Ureno	Assistant Superintendent/Human Resources
Alice Solis	Interim Assistant Superintendent/Educational Services

Independent Auditor's Reports
June 30, 2025

Turlock Unified School District

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

To the Governing Board
Turlock Unified School District
Turlock, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Turlock Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2025.

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

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 District'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.

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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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fresno, California
December 4, 2025

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

To the Governing Board
Turlock Unified School District
Turlock, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

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



Fresno, California
December 4, 2025

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

To the Governing Board
Turlock Unified School District
Turlock, California

Report on Compliance

Opinion on State Compliance

We have audited Turlock Unified School District's (the District) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education 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 District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

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 (*Government Auditing Standards)*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 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 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 the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a 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 *2024-2025 Guide for Annual Audits of K-12 Local Education 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 consider 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
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	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because average daily attendance reported did not exceed thresholds required for testing.

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 identify during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Ede Sally LLP

Fresno, California
December 4, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Turlock Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 ESSER III State Reserve Emergency Needs	84.425U
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010
Special Education Cluster	84.027, 84.027A

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2024-001 30000 – Internal Control Over Financial Reporting

Material Weakness

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls over financial reporting to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all entries used in the preparation of the District's financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Condition

During our audit, we discovered a difference leading to a material audit adjustment to the unaudited financial statements. The difference was in the Cafeteria Fund and was related to revenue recorded in the 2023-2024 fiscal year as well as the 2022-2023 fiscal year for meal reimbursements for the month of May 2023. This error resulted in the unaudited financial statements not being prepared in accordance with GAAP.

Context

The condition was identified through inquiry with District personnel and review of available District records related to meal reimbursements.

Cause

During the 2022-2023 fiscal year, the District accrued an accounts receivable for meal reimbursements for the month of May 2023; revenue was correctly recorded. The reimbursement was received by the District during the 2023-2024 fiscal year and the revenue was recorded again when the check was deposited.

Effect

The condition resulted in the incorrect reporting of the revenue balance as of June 30, 2024. Specifically, the following misstatement was noted.

Non-Major Governmental Fund

The ending fund balance of the Cafeteria Fund had a decrease of $698,774 due to a reduction of revenue.

Governmental Activities

The accumulated net effect of the above adjustment resulted in a decrease to the Governmental Activities net position of $698,774.

Repeat Finding

No.

Recommendation

We recommend management evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Current Status

Implemented.

State Compliance Findings

2024-002 40000 - Expanded Learning Opportunities Program

Criteria or Specific Requirements

Education Code Section 46120(b)(1)(A) requires that in-person before and after school expanded learning opportunities were offered on every school day and, when added to the school day, were no less than nine hours.

Condition

The District Expanded Learning Opportunity Program operated 124 days of the required 210 operational days.

Questioned Costs

The penalty was calculated to be $2,999,926.

Context

The condition was identified through inquiry with District personnel and review of available district records related to Expanded Learning Opportunities Program.

Effect

The District is out of compliance with *Education Code* Section 46120(b)(1)(A) and the questioned cost/penalty amounted to $2,999,926.

Cause

The Expanded Learning Opportunity Program began January 8, 2024 which did not allow the District to hire enough staffing in order to offer the total required operational days. The District offered 124 operational days of the required 210 required operational days, leaving 86 days not offered.

Repeat Finding

No.

Recommendation

We recommend the District offer the required operational days in the 2024-2025 fiscal year.

Current Status

Implemented.