

Financial Statements
June 30, 2025

Vista Unified School District

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Independent Auditor's Report

To the Governing Board
Vista Unified School District
Vista, 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 Vista 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 Vista 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.

Correction of Error

As discussed in Note 17 to the financial statements, an error resulting in an overstatement of receivables as of June 30, 2024, was discovered by management during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and to the governmental activities net position as of July 1, 2024, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Note 17 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 and business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

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 12, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 12, 2025



Superintendent: Matt Doyle, Ed.D.

Board Members: Rena Marrocco, Sue Martin, Mike Markov, Martha Alvarado, and Cipriano Vargas

This section of Vista Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year ending 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 District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the 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 *Governmental-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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 purpose of Vista Unified School District is to inspire every student to persevere as a critical thinker who collaborates to solve real world problems.

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 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 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 governmental activities. This includes the education of transitional kindergarten through grade twelve students, adult education, student activities, 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 cover the costs of certain services it provides. The District has a fee-based child care program that 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 specific 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 and the California 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 funds 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 Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide financial statements, but provide more detail and additional information, such as cash flows, for proprietary funds. In addition, we use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

- The change in Local Control Funding Formula (LCFF) sources from 2023-2024 to 2024-2025 was \$(5.88) million. The decrease in LCFF revenues was due to District's continued declining enrollment, resulting in reduced average daily attendance (ADA). The 1.07% statutory cost of living adjustment (COLA) was not sufficient to cover the decrease in the LCFF formula calculation for the school year. The District's LCFF was funded on a three prior-year average ADA of 17,575.96. The District's Unduplicated Pupil Percentage was 66.29%, which generated \$44 million in Supplemental and Concentration dollars.
- The General Fund expenditures increased by \$15.1 million or 4% over the previous year amount primarily due to the use of expiring restricted resources, as well as the expansion of our Expanded Learning Program.
- Total General Fund expenditures and other uses exceeded revenues and other sources by \$22.4 million.
- The General Fund ended the fiscal year with 14.33% reserves in the unrestricted fund balance.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$95,677,955 for the fiscal year ended June 30, 2025. Of this amount, \$(217,506,058) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1 - Net Position) and change in net position (Table 2 - Changes in Net Position) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2025	2024 as restated*	2025	2024*	2025	2024 as restated*
Assets						
Current and other assets	\$ 297,293,522	\$ 369,024,371	\$ 5,801,593	\$ 4,083,412	\$ 303,095,115	\$ 373,107,783
Capital assets	367,151,786	318,080,802	-	-	367,151,786	318,080,802
Total assets	664,445,308	687,105,173	5,801,593	4,083,412	670,246,901	691,188,585
Deferred outflows of resources	89,710,171	81,684,070	315,813	605,436	90,025,984	82,289,506
Liabilities						
Current liabilities	36,349,597	44,616,837	77,232	79,356	36,426,829	44,696,193
Long-term liabilities other than OPEB and pension	314,858,748	286,559,826	62,852	-	314,921,600	286,559,826
Other postemployment benefits liability	36,793,481	34,878,002	-	-	36,793,481	34,878,002
Aggregate net pension liability	235,710,099	248,508,510	809,862	2,539,744	236,519,961	251,048,254
Total liabilities	623,711,925	614,563,175	949,946	2,619,100	624,661,871	617,182,275
Deferred inflows of resources	39,847,874	35,012,193	85,185	138,895	39,933,059	35,151,088
Net Position						
Net investment in capital assets	198,167,069	180,398,172	-	-	198,167,069	180,398,172
Restricted	115,016,944	130,754,724	-	-	115,016,944	130,754,724
Unrestricted (deficit)	(222,588,333)	(191,939,021)	5,082,275	1,930,853	(217,506,058)	(190,008,168)
Total net position (deficit)	\$ 90,595,680	\$ 119,213,875	\$ 5,082,275	\$ 1,930,853	\$ 95,677,955	\$ 121,144,728

* Amounts have been restated for the effect of an error correction, but they have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

The \$(222,588,333) in unrestricted (deficit) of governmental activities represents the accumulated results of all past years' operations, which also includes the District's long-term pension and OPEB obligations. Unrestricted (deficit) - 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 – increased by 16.0% from \$(191,939,021) in 2024 to \$(222,588,333) in 2025.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on pages 19 and 20. 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 and sales	\$ 4,780,181	\$ 4,534,645	\$ 2,678,614	\$ 3,190,008	\$ 7,458,795	\$ 7,724,653
Operating grants and contributions	108,460,265	131,926,209	-	-	108,460,265	131,926,209
Capital grants and contributions	33,345	11,897	-	-	33,345	11,897
General revenues						
Federal and State aid not restricted	144,146,415	153,283,448	-	-	144,146,415	153,283,448
Property taxes	134,746,973	130,225,092	-	-	134,746,973	130,225,092
Other general revenues	16,549,791	15,832,575	231,475	59,715	16,781,266	15,892,290
Total revenues	<u>408,716,970</u>	<u>435,813,866</u>	<u>2,910,089</u>	<u>3,249,723</u>	<u>411,627,059</u>	<u>439,063,589</u>
Expenses						
Instruction-related	289,758,930	272,858,212	-	-	289,758,930	272,858,212
Pupil services	43,077,616	43,117,206	-	-	43,077,616	43,117,206
Administration	17,960,558	18,004,215	-	-	17,960,558	18,004,215
Plant services	30,959,812	30,216,094	-	-	30,959,812	30,216,094
All other services	26,999,223	26,057,361	(394,014)	987,961	26,605,209	27,045,322
Total expenses	<u>408,756,139</u>	<u>390,253,088</u>	<u>(394,014)</u>	<u>987,961</u>	<u>408,362,125</u>	<u>391,241,049</u>
Change in net position	<u>\$ (36,567)</u>	<u>\$ 45,560,778</u>	<u>\$ 3,301,501</u>	<u>\$ 2,261,762</u>	<u>\$ 3,264,934</u>	<u>\$ 47,822,540</u>

* 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. Revenues for the year ended June 30, 2024 were restated for the impact of the correction of an error. See Note 17 for further information.

Governmental Activities

As reported in the *Statement of Activities* on pages 19 and 20, the cost of all of our governmental activities this year was \$408,756,139. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$134,746,973 because the cost was paid by those who benefited from the programs (\$4,780,181) or by other governments and organizations who subsidized certain programs with grants and contributions (\$108,493,610). We paid for the remaining "public benefit" portion of our governmental activities with \$160,696,206 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and 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	\$ 289,758,930	\$ 272,858,212	\$ (233,519,679)	\$ (189,223,892)
Pupil services	43,077,616	43,117,206	(20,607,654)	(12,812,177)
Administration	17,960,558	18,004,215	(14,191,057)	(13,757,909)
Plant services	30,959,812	30,216,094	(13,760,066)	(20,943,652)
All other services	26,999,223	26,057,361	(13,403,892)	(12,834,483)
Total	<u>\$ 408,756,139</u>	<u>\$ 390,253,088</u>	<u>\$ (295,482,348)</u>	<u>\$ (249,572,113)</u>

* 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 17 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$259,467,679, which is a decrease of \$63,637,443, or 19.7% from last year (Table 4 - Governmental Funds).

Table 4

Governmental Fund	Balances and Activity			June 30, 2025
	July 1, 2024 as restated*	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 138,908,220	\$ 348,480,773	\$ 370,310,175	\$ 117,078,818
Adult Education	3,723,416	11,917,332	12,666,703	2,974,045
Student Activity	1,376,958	3,902,784	3,957,010	1,322,732
Cafeteria	14,496,757	16,086,255	14,878,769	15,704,243
Building	85,781,623	4,885,794	44,115,202	46,552,215
Capital Facilities	13,029,934	2,830,407	123,122	15,737,219
County School Facilities	(13,695)	1,408,856	1,383,583	11,578
Special Reserve Fund for Capital Outlay Projects	46,431,068	8,695,728	14,086,939	41,039,857
Bond Interest and Redemption	19,370,841	19,282,843	19,606,712	19,046,972
Total	\$ 323,105,122	\$ 417,490,772	\$ 481,128,215	\$ 259,467,679

* Amounts have been restated for the effect of an error correction. See Note 17 for further information.

The primary reasons for these increases/decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund decreased by \$21.8 million to \$117.1 million. This decrease is due to:
 - a. Full utilization of restricted, one-time Federal and State funds, that have been spent down over multiple years. Other increase in costs such as negotiated staff raises and increase in Health and Welfare costs also contributed to the reduction.
2. Adult Education expenditures exceed revenues by \$749,371.
3. The Student Activity Fund, where the District records its associated student body (ASB) fundraising activities, showed expenses exceeding revenues by \$54,226, an improvement over the 2023-2024 school year
4. Cafeteria Fund ending fund balance increased by \$1.2 million due to the universal free meals revenue model. The District has engaged with the California Department of Education on plans to spend some of the reserves and finished modernization of the child nutrition headquarters in the 2024-2025 school year.
5. Building Fund decreased \$39.2 million as we continue with the construction projects approved under Measure LL GO Bond Program. Final project under this Series is our Bobier Elementary School with projected opening in Summer 2026.

6. Capital Facilities Fund received a positive influx of developer fees, in the amount of \$2.7 million. For further details on developer fees revenues and expenditures, please visit the District website to access our Annual Developer Fees Report.
7. County School Facilities Fund shows a small balance of \$11,578, representing interest received in the fund during the year.
8. Special Reserve Fund for Capital Outlay Projects – revenue from redevelopment funds and issuance of the 2022 certificates of participation (COP). The District utilizes the funds for facilities projects outside of Measure LL and for the COP repayment.
9. Bond Interest and Redemption is used for the repayment of General Obligation Bonds. This fund is controlled by the county auditor and principal and interest on the bond is paid by the county treasurer from taxes levied by the county auditor. At unaudited actuals, ebbs and flows of the taxes levied and payments made during the year are recognized on the District's financial report.

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 June 26, 2025. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.)

- Budget revisions to the adopted budget required after approval of the State budget (45 Day Revision).
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments. The District presents these revisions before the board of education for approval two times a year, together with our Interim Reports, as required by *Education Code 42130*.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$(40.4 million). However, the District ended the year with a \$(21.8 million) decrease to the actual general fund ending balance, reflecting an improvement of \$18.5 million compared to the estimated budget. The District realized the improvement through a combination of savings in operational costs such as books and supplies and services and other operating expenses. The State recommends minimum reserves of three percent of total District expenditures and other uses be maintained for economic uncertainties and the District surpassed this compliance with reserves of five percent as required by our Board Policy 3100.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$367,151,786 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$49,070,984, or 15.4%, from last year.

	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 102,961,570	\$ 60,004,892
Land improvements	24,884,295	25,037,297
Buildings and improvements	219,250,585	219,930,979
Furniture and equipment	20,055,336	13,014,018
Right-to-use leased assets	-	38,838
Right-to-use subscription IT assets	-	54,778
Total	<u>\$ 367,151,786</u>	<u>\$ 318,080,802</u>

The District continues to use Measure LL, Series B of 2022 and the 2022 Certificates of Participation (COP) to fund the several capital projects planned. We anticipate capital additions to be \$63.6 million for the 2025-2026 year.

We present more detailed information about our capital assets in the notes to financial statements.

Long-Term Liabilities

At the end of this year, the District had \$588,235,042 in long-term liabilities outstanding versus \$572,486,082 last year, an increase of \$15,748,960, or 2.8%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Long-Term Liabilities						
General obligation bonds	\$ 222,212,424	\$ 231,546,571	\$ -	\$ -	\$ 222,212,424	\$ 231,546,571
Unamortized premiums	13,553,620	14,556,983	-	-	13,553,620	14,556,983
Certificates of participation	34,360,000	35,555,000	-	-	34,360,000	35,555,000
Unamortized premiums	2,819,759	3,058,049	-	-	2,819,759	3,058,049
Leases	-	39,628	-	-	-	39,628
Subscription-based IT arrangements	-	25,369	-	-	-	25,369
Supplemental early retirement plan	17,171,220	-	-	-	17,171,220	-
Compensated absences	24,741,725	1,778,226	62,852	-	24,804,577	1,778,226
OPEB liability	36,793,481	34,878,002	-	-	36,793,481	34,878,002
Aggregate net pension liability	235,710,099	248,508,510	809,862	2,539,744	236,519,961	251,048,254
Total	<u>\$ 587,362,328</u>	<u>\$ 569,946,338</u>	<u>\$ 872,714</u>	<u>\$ 2,539,744</u>	<u>\$ 588,235,042</u>	<u>\$ 572,486,082</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

Since 2022, the District maintained a general obligation bond rating, as per S&P Global Ratings as A+ (SPUR) rating which qualifies it as *stable*. The District is committed to maintaining sound financial practices to sustain or improve current rating. The State limits the amount of general obligation debt that districts can issue based on the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is below the current statutorily-imposed limit.

Other liabilities include certificates of participation, a supplemental early retirement plan, compensated absences, other postemployment benefits (OPEB) liability (not including health benefits) and the aggregate net pension liability.

We present more detailed information regarding our long-term liabilities in the notes to financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's long-term outlook is shaped by statewide economic conditions, federal and state regulatory requirements, and California's school finance system. The State's fiscal health—affected by revenue volatility, inflationary pressures, labor market trends, and interest rate conditions—directly influences education funding through the Local Control Funding Formula (LCFF). While recent economic updates indicate moderating inflation, continued cost pressures related to salaries, utilities, insurance, and services, combined with uncertainty in the State budget and Proposition 98 funding levels, remain significant considerations for California school districts.

Legislation enacted in 2013 fundamentally restructured school finance in California through the implementation of the LCFF. This model provides a flexible, student-centered funding structure that allocates per-pupil base grants by grade span, with additional supplemental and concentration grants for districts serving higher proportions of low-income students, English learners, and foster youth. Key LCFF-related factors monitored by the District include: (1) projected State funding levels and cost-of-living adjustments in future budget years; (2) alignment of expenditures with the District's Local Control and Accountability Plan (LCAP); (3) accurate and timely reporting of student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) ongoing compliance with audit and accountability requirements.

Student enrollment continues to fluctuate as a result of demographic trends, housing affordability, regional economic conditions, and competition from alternative educational options. Consistent with statewide patterns, the District has projected enrollment declines over the next two school years, which directly affect LCFF funding calculations. Assembly Bill 185, effective September 2022, amended *Education Code* Section 42238.05 to allow districts experiencing declining enrollment to calculate funded average daily attendance (ADA) using the current year, prior year, or an average of the three most recent prior years. The District has benefited from this flexibility during the 2023–2024 and 2024–2025 school years, partially mitigating the fiscal impact of declining enrollment.

The District participates in the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS), both of which have long-term unfunded liabilities. Employer contribution rates have increased significantly over time and are currently estimated at 19.10% for CalSTRS and 27.05% for CalPERS for the 2024–2025 school year. The District's proportionate share of these pension liabilities is reported in the Statement of Net Position as of June 30, 2025, and represents a material obligation. Although future CalSTRS rate increases have been moderated, rising pension and other post-employment benefit costs continue to exert pressure on district operating budgets across California.

In addition, the District faces ongoing challenges related to aging facilities and deferred maintenance. Inflation in construction costs, higher interest rates affecting borrowing capacity, and limited statewide bond funding have heightened the importance of strategic facility planning. The District utilizes Supplemental and Concentration grant resources to support Deferred Maintenance Fund investments and is actively pursuing additional state and local funding opportunities to address long-term capital needs while maintaining fiscal sustainability.

The District is still maximizing use of one-time dollars not yet expired. Those one-time dollars are represented on the table below:

Legislation	Use of Funds	Expiration Date	VUSD Amount
SB 117 – COVID-19	Purchase of PPE & cleaning supplies	No deadline	\$0.3 million
AB130 - Educator Effectiveness	Professional learning for teachers and administrators	June 30, 2026	\$5.2 million
AB181 – AMIMBG	Arts, Music, instructional materials and discretionary	June 30, 2026	\$11.2 million
AB182 - LREBG	Extended learning time, accelerating progress to close learning gaps and integrated pupil supports	June 30, 2028	\$25.1 million
AB130 - A-G Completion Program	Increase the high school graduation with A-G eligibility requirements	June 30, 2026	\$1.6 million
AB121 – SSPDDBG	Professional learning, teacher recruiting and retention, career pathways and discretionary	June 30, 2029	\$5.3 million
Ed Code 8900 et. Seq. – CCSPP	Integrated support services, family & community engagement, extended learning.	June 30, 2027 & 2028	\$17.7 million
Ed Code 8281.5 – UPK Grants	Planning, implementation and professional learning for universal Pre-Kindergarten	June 30, 2028	\$4.1 million
AB181 – LCRSP	Develop literacy programs and interventions, train literacy coaches	June 30, 2027, 2028 & 2029	\$1.8 million
DHCS Grant - SBHIP	Improve coordination of child and adolescent behavioral health services	June 30, 2026	\$3.7 million

Planning for the future requires the District's administration and Board of Trustees to act thoughtfully and prudently in allocating resources to effectively meet student needs in the years ahead. This includes a continued focus on early and effective intervention, the implementation of appropriate personnel strategies, and the maintenance of strong fiscal oversight. Vista Unified School District has demonstrated a consistent and successful record in addressing these priorities.

All the factors above were considered in preparing the Vista Unified School District budget for the 2025-2026 fiscal year. Currently, the District is engaged in developing its Blueprint and budget for the 2026-2027 school year.

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 Ana Machado, Executive Director, Fiscal Services, at Vista Unified School District, 1234 Arcadia Avenue, Vista, California 92084, or e-mail at anamachado@vistausd.org.

Vista Unified School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 245,205,443	\$ 5,522,433	\$ 250,727,876
Receivables	48,220,910	163,138	48,384,048
Internal balances	(116,022)	116,022	-
Prepaid items	98,063	-	98,063
Stores inventories	733,806	-	733,806
Lease receivables	3,151,322	-	3,151,322
Capital assets not depreciated or amortized	102,961,570	-	102,961,570
Capital assets, net of accumulated depreciation and amortization	264,190,216	-	264,190,216
Total assets	664,445,308	5,801,593	670,246,901
Deferred Outflows of Resources			
Deferred charge on refunding	538,388	-	538,388
Deferred outflows of resources related to OPEB	7,631,356	-	7,631,356
Deferred outflows of resources related to pensions	81,540,427	315,813	81,856,240
Total deferred outflows of resources	89,710,171	315,813	90,025,984
Liabilities			
Accounts payable	27,924,123	77,232	28,001,355
Interest payable	3,858,591	-	3,858,591
Unearned revenue	4,384,373	-	4,384,373
Claims liability	182,510	-	182,510
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	19,811,528	9,964	19,821,492
OPEB liability due within one year	2,658,822	-	2,658,822
Long-term liabilities other than OPEB and pensions due in more than one year	295,047,220	52,888	295,100,108
Other postemployment benefit (OPEB) liability due in more than one year	34,134,659	-	34,134,659
Aggregate net pension liability	235,710,099	809,862	236,519,961
Total liabilities	623,711,925	949,946	624,661,871
Deferred Inflows of Resources			
Deferred charge on refunding	696,916	-	696,916
Deferred inflows of resources related to OPEB	8,381,686	-	8,381,686
Deferred inflows of resources related to pensions	27,697,559	85,185	27,782,744
Deferred inflows of resources related to leases	3,071,713	-	3,071,713
Total deferred inflows of resources	39,847,874	85,185	39,933,059
Net Position			
Net investment in capital assets	198,167,069	-	198,167,069
Restricted for			
Debt service	15,188,381	-	15,188,381
Capital projects	15,748,797	-	15,748,797
Educational programs	65,250,833	-	65,250,833
Other restrictions - self-insurance	2,263,124	-	2,263,124
Other restrictions - other activities	16,565,809	-	16,565,809
Unrestricted (deficit)	(222,588,333)	5,082,275	(217,506,058)
Total net position	\$ 90,595,680	\$ 5,082,275	\$ 95,677,955

Vista Unified School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instruction	\$ 248,262,920	\$ 826,930	\$ 48,025,739	\$ 33,345	\$ (199,376,906)	\$ -	\$ (199,376,906)
Instruction-related activities							
Supervision of instruction	15,583,062	166,216	4,280,686	-	(11,136,160)	-	(11,136,160)
Instructional library, media, and technology	2,349,169	9,066	349,398	-	(1,990,705)	-	(1,990,705)
School site administration	23,563,779	25,213	2,522,658	-	(21,015,908)	-	(21,015,908)
Pupil services							
Home-to-school transportation	8,742,794	423,949	915,827	-	(7,403,018)	-	(7,403,018)
Food services	13,484,434	284,682	14,951,805	-	1,752,053	-	1,752,053
All other pupil services	20,850,388	110,596	5,783,103	-	(14,956,689)	-	(14,956,689)
Administration							
Data processing	5,129,220	-	1,475,356	-	(3,653,864)	-	(3,653,864)
All other administration	12,831,338	47,225	2,246,920	-	(10,537,193)	-	(10,537,193)
Plant services	30,959,812	2,300,126	14,899,620	-	(13,760,066)	-	(13,760,066)
Ancillary services	7,291,560	7,763	4,510,461	-	(2,773,336)	-	(2,773,336)
Community services	76,579	-	15,935	-	(60,644)	-	(60,644)
Enterprise services	(50,036)	-	-	-	50,036	-	50,036
Interest on long-term liabilities	10,467,679	-	-	-	(10,467,679)	-	(10,467,679)
Other outgo	9,213,441	578,415	8,482,757	-	(152,269)	-	(152,269)
Total governmental activities	408,756,139	4,780,181	108,460,265	33,345	(295,482,348)	-	(295,482,348)
Business-Type Activities							
Child care enterprise services	(394,014)	2,678,614	-	-	-	3,072,628	3,072,628
Total primary government	\$ 408,362,125	\$ 7,458,795	\$ 108,460,265	\$ 33,345	(295,482,348)	3,072,628	(292,409,720)

Vista Unified School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities	Business- Type Activities	Total
General Revenues and Subventions							
Property taxes, levied for general purposes					\$ 110,981,223	\$ -	\$ 110,981,223
Property taxes, levied for debt service					18,517,722	-	18,517,722
Taxes levied for other specific purposes					5,248,028	-	5,248,028
Federal and State aid not restricted to specific purposes					144,146,415	-	144,146,415
Interest, investment earnings, and change in fair market valuations					12,980,217	231,475	13,211,692
Miscellaneous					3,569,574	-	3,569,574
Subtotal, general revenues and subventions					295,443,179	231,475	295,674,654
Transfers					2,602	(2,602)	-
Total general revenues, subventions, and transfers					295,445,781	228,873	295,674,654
Change in Net Position					(36,567)	3,301,501	3,264,934
Net Position - Beginning, as previously reported					123,422,099	1,930,853	125,352,952
Adjustments (Note 17)					(32,789,852)	(150,079)	(32,939,931)
Net Position - Beginning, as restated					90,632,247	1,780,774	92,413,021
Net Position - Ending					\$ 90,595,680	\$ 5,082,275	\$ 95,677,955

Vista Unified School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 96,712,019	\$ 50,501,003	\$ 44,029,336	\$ 51,708,359	\$ 242,950,717
Receivables	41,715,941	897,121	230,221	5,353,043	48,196,326
Due from other funds	505,295	-	11,978	329	517,602
Prepaid expenditures	98,063	-	-	-	98,063
Stores inventories	276,132	-	-	457,674	733,806
Lease receivables	3,151,322	-	-	-	3,151,322
Total assets	\$ 142,458,772	\$ 51,398,124	\$ 44,271,535	\$ 57,519,405	\$ 295,647,836
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 17,167,040	\$ 4,843,680	\$ 3,219,778	\$ 2,257,005	\$ 27,487,503
Due to other funds	763,477	2,229	11,900	458,962	1,236,568
Unearned revenue	4,377,724	-	-	6,649	4,384,373
Total liabilities	22,308,241	4,845,909	3,231,678	2,722,616	33,108,444
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	3,071,713	-	-	-	3,071,713
Fund Balances					
Nonspendable	624,195	-	-	461,166	1,085,361
Restricted	63,083,278	46,552,215	41,039,857	53,529,133	204,204,483
Committed	3,677,337	-	-	-	3,677,337
Assigned	-	-	-	806,490	806,490
Unassigned	49,694,008	-	-	-	49,694,008
Total fund balances	117,078,818	46,552,215	41,039,857	54,796,789	259,467,679
Total liabilities, deferred inflows of resources, and fund balances	\$ 142,458,772	\$ 51,398,124	\$ 44,271,535	\$ 57,519,405	\$ 295,647,836

Vista Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds	\$ 259,467,679
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Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because

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

The cost of capital assets is	\$ 752,084,962
Accumulated depreciation and amortization is	<u>(384,933,176)</u>

Net capital assets	367,151,786
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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.	(3,858,591)
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An internal service fund is used by management to charge the costs of the dental and workers' compensation insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.	2,263,124
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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

Deferred charge on refunding	538,388
OPEB liability	7,631,356
Aggregate net pension liability	<u>81,540,427</u>

Total deferred outflows of resources	89,710,171
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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

Deferred charge on refunding	(696,916)
OPEB liability	(8,381,686)
Aggregate net pension liability	<u>(27,697,559)</u>

Total deferred inflows of resources	(36,776,161)
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Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(235,710,099)
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Vista Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (36,793,481)

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	\$ (205,684,882)
Unamortized premium on bonds	(13,553,620)
Certificates of participation (COP)	(34,360,000)
Unamortized premium on COP	(2,819,759)
Supplemental early retirement plan (SERP)	(17,171,220)
Compensated absences	(24,741,725)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(16,527,542)

Total long-term liabilities (314,858,748)

Total net position - governmental activities \$ 90,595,680

Vista Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	\$ 246,570,823	\$ -	\$ -	\$ -	\$ 246,570,823
Federal sources	26,010,063	-	-	10,647,839	36,657,902
Other State sources	44,093,623	-	-	17,581,542	61,675,165
Other local sources	31,741,723	4,885,794	7,312,145	27,199,096	71,138,758
Total revenues	348,416,232	4,885,794	7,312,145	55,428,477	416,042,648
Expenditures					
Current					
Instruction	228,798,558	-	-	2,300,309	231,098,867
Instruction-related activities					
Supervision of instruction	17,047,564	-	-	-	17,047,564
Instructional library, media, and technology	2,614,862	-	-	-	2,614,862
School site administration	23,768,557	-	-	1,369,447	25,138,004
Pupil services					
Home-to-school transportation	12,630,518	-	-	-	12,630,518
Food services	518,798	-	-	14,141,055	14,659,853
All other pupil services	22,181,064	-	-	367,515	22,548,579
Administration					
Data processing	5,311,991	-	-	-	5,311,991
All other administration	12,683,075	-	-	516,219	13,199,294
Plant services	30,543,186	-	168,263	629,079	31,340,528
Ancillary services	3,160,471	-	-	3,957,010	7,117,481
Community services	30,473	-	-	-	30,473
Other outgo	2,007,141	-	-	7,206,300	9,213,441
Facility acquisition and construction	8,895,513	44,115,202	11,134,587	1,078,551	65,223,853
Debt service					
Principal	64,997	-	1,195,000	10,735,000	11,994,997
Interest and other	2,798	-	1,589,089	8,871,712	10,463,599
Total expenditures	370,259,566	44,115,202	14,086,939	51,172,197	479,633,904
Excess (Deficiency) of Revenues Over Expenditures	(21,843,334)	(39,229,408)	(6,774,794)	4,256,280	(63,591,256)
Other Financing Sources (Uses)					
Transfers in	64,541	-	1,383,583	-	1,448,124
Transfers out	(50,609)	-	-	(1,443,702)	(1,494,311)
Net Financing Sources (Uses)	13,932	-	1,383,583	(1,443,702)	(46,187)
Net Change in Fund Balances	(21,829,402)	(39,229,408)	(5,391,211)	2,812,578	(63,637,443)
Fund Balance - Beginning, as previously reported	143,116,444	85,781,623	46,431,068	51,984,211	327,313,346
Adjustments (Note 17)	(4,208,224)	-	-	-	(4,208,224)
Fund Balance - Beginning, as restated	138,908,220	85,781,623	46,431,068	51,984,211	323,105,122
Fund Balance - Ending	\$ 117,078,818	\$ 46,552,215	\$ 41,039,857	\$ 54,796,789	\$ 259,467,679

Vista Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ (63,637,443)

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.

Capital outlay	\$ 71,383,331	
Depreciation and amortization expense	<u>(22,306,756)</u>	

Net expense adjustment		49,076,575
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(5,591)
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In the Statement of Activities, certain operating expenses, such as compensated absences and supplementary retirement benefits 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). Compensated absences used was more than the amounts earned by \$5,618,129. Special termination benefits added was more than the amount paid by \$17,171,220.		(11,553,091)
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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 aggregate net pension liability during the year.		15,087,897
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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 OPEB liability during the year.		(1,096,427)
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Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		1,241,653
Deferred charge on refunding amortization		81,882

Vista Unified School District

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

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	\$ 10,735,000
Certificates of participation	1,195,000
Leases	39,628
Subscription-based IT arrangements	25,369

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds decreased by \$73,238, and second, \$1,400,853 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(1,327,615)

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.

100,596

Change in net position of governmental activities

\$ (36,567)

Vista Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities <u>Child Care Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Assets		
Current assets		
Deposits and investments	\$ 5,522,433	\$ 2,254,726
Receivables	163,138	24,584
Due from other funds	173,413	602,944
Total current assets	<u>5,858,984</u>	<u>2,882,254</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	<u>315,813</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	77,232	436,620
Due to other funds	57,391	-
Claims liability	-	182,510
Current portion of compensated absences	9,964	-
Total current liabilities	<u>144,587</u>	<u>619,130</u>
Noncurrent liabilities		
Compensated absences, net of current portion	52,888	-
Net pension liability	809,862	-
Total noncurrent liabilities	<u>862,750</u>	<u>-</u>
Total liabilities	<u>1,007,337</u>	<u>619,130</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	<u>85,185</u>	<u>-</u>
Net Position		
Restricted for self-insurance	-	2,263,124
Unrestricted	5,082,275	-
Total net position	<u><u>\$ 5,082,275</u></u>	<u><u>\$ 2,263,124</u></u>

Vista Unified School District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities <u>Child Care Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues		
Charges for services	\$ 2,678,614	\$ 8,287,502
Operating Expenses		
Payroll costs	(451,440)	-
Professional and contract services	-	8,333,297
Supplies and materials	102,718	-
Other operating costs	(45,292)	-
Total operating expenses	(394,014)	8,333,297
Operating Income (loss)	3,072,628	(45,795)
Nonoperating Revenues		
Unrealized gain on investments	51,089	29,347
Interest income	180,386	68,255
Total nonoperating revenue	231,475	97,602
Income before transfers	3,304,103	51,807
Transfers in	-	50,609
Transfers out	(2,602)	(1,820)
Change in Net Position	3,301,501	100,596
Total Net Position - Beginning, as previously reported	1,930,853	2,162,528
Adjustments (Note 17)	(150,079)	-
Total Net Position - Beginning, as restated	1,780,774	2,162,528
Total Net Position - Ending	\$ 5,082,275	\$ 2,263,124

Vista Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities Child Care Enterprise Fund	Governmental Activities Internal Service Fund
Operating Activities		
Cash received from customers	\$ 2,712,917	\$ -
Cash receipts from interfund services provided	-	8,610,432
Cash payments to suppliers of goods or services	(104,842)	(8,556,954)
Cash payments to employees for services	(469,375)	-
Other operating cash receipts	45,292	-
Net Cash from Operating Activities	<u>2,183,992</u>	<u>53,478</u>
Noncapital Financing Activities		
Transfers from other funds	-	50,609
Transfers to other funds	(2,602)	(1,820)
Net Cash from (used for) Noncapital Financing Activities	<u>(2,602)</u>	<u>48,789</u>
Investing Activities		
Interest on investments	<u>175,068</u>	<u>83,172</u>
Net Change in Cash and Cash Equivalents	2,356,458	185,439
Cash and Cash Equivalents, Beginning	<u>3,165,975</u>	<u>2,069,287</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 5,522,433</u></u>	<u><u>\$ 2,254,726</u></u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 3,072,628	\$ (45,795)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Changes in assets and liabilities		
Receivables	34,303	244,144
Due from other fund	658,223	78,786
Deferred outflows of resources	289,623	-
Accrued liabilities	(2,124)	(223,657)
Due to other fund	2,158	-
Deferred inflows of resources	(1,729,882)	-
Compensated absences	(87,227)	-
Net pension liability	(53,710)	-
Net Cash from Operating Activities	<u><u>\$ 2,183,992</u></u>	<u><u>\$ 53,478</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Vista Unified School District (the District) was organized in 1936 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades Kindergarten - 12 as mandated by the State and/or Federal agencies. The District is currently operating fifteen elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, one early childhood special education center, one blended learning/independent study middle/high school, an adult education school, and an adult transition center.

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 Vista 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 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. 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 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 benefit of the District.

The Vista Unified School District Improvement Corporation (the Corporation) has a financial and operational relationship with the Vista Unified School District which meet the reporting entity definition criteria of a component unit of Vista Unified School District. Certificates of participation (COPs) issued by the Corporation are included as long-term liabilities in the government-wide financial statements. The COP's financial activity is presented in the financial statements in the Special Reserve Fund for Capital Outlay Projects. Individually-prepared financial statements are not prepared for the Corporation.

Other Related Entities

Charter Schools The District has approved Charters for Belle Mente Montessori Academy (Charter No. 1515), Guajome Park Academy (Charter No. 0050), Guajome Learning Center (Charter No. 1351), North County Trade Tech Charter High School (Charter No. 0884), and School for Integrated Academies and Technologies (Charter No. 0627) Charter Schools pursuant to *Education Code* Section 47605. The Charter Schools are independently operated by separate governing boards and not considered component units of the District.

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 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.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and the acquisition of major governmental capital facilities and buildings.

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). This fund also accounts for the proceeds received from the issuance of certificates of participation to be used for capital outlay purposes.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established 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.

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

- **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), or the 2006 State School Facilities Fund (Proposition 1D). The fund is used primarily to account 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.).

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

- **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:

- **Child Care 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 fee-based child care services provided by the District to families.
- **Internal Service Fund** An Internal Service Fund 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-insured dental program that is accounted for in an Internal Service Fund. In addition, the District accounts for its workers' compensation program in the Internal Service Fund.

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 financial statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each governmental program and excludes fiduciary activity. 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, 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 use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result 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 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 a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Proprietary Funds** Proprietary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all 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 requirements. 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.

Operating Revenues and Expenses Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. 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.

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 general 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.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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-type 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.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; portable classrooms and structures, 25 years; equipment, five to 15 years; vehicles, 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. The amortization period varies from two to five years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to three years.

Lease Receivable

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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 activities column 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, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums, discounts, and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums, discounts, and debt issuance costs 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 charge 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 deferred charge on refunding of debt, deferred inflows of resources related to leases, for pension related items, and for OPEB related items.

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 by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from 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.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription 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, Superintendent or designee 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 governing board adopted a minimum fund balance policy for the General Fund 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 three percent of General Fund expenditures and other financing uses.

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 \$115,016,944 of net position restricted by enabling legislation.

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 on 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 accounting principles generally accepted in the United States of America 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 March 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 and become delinquent after November 1. The County of San Diego 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 17.

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	\$ 245,205,443
Business-type activities	<u>5,522,433</u>
Total deposits and investments	<u><u>\$ 250,727,876</u></u>

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

Cash on hand and in banks	\$ 4,945,435
Cash with fiscal agent	177,169
Cash in revolving	253,492
Investments	<u>245,351,780</u>
Total deposits and investments	<u><u>\$ 250,727,876</u></u>

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 manages its exposure to interest rate risk by primarily investing in the San Diego County Treasury Investment Pool and short-term money market funds.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days
San Diego County Treasury Investment Pool	\$ 221,139,271	562
First American Government Obligations Fund	24,212,509	42
Total	<u>\$ 245,351,780</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Diego County Treasury Investment Pool and First American Government Obligations Fund are rated AAA by Standard and Poor's.

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 have a policy for custodial credit risk for deposits. The District's policy states that monies received and deposited with a financial institution shall be in accounts that are fully covered by Federal insurance. In addition, 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, the District's bank balance of \$5,259,521 was exposed to custodial credit risk because it was uninsured, but collateralized with securities held by the pledging of financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

Investment Type	Reported Amount	Measurements Using Level 2 Inputs
First American Government Obligations Fund	\$ 24,212,509	\$ 24,212,509

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

Note 4 - Receivables

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Child Care Enterprise Fund
Federal Government							
Categorical aid	\$ 6,278,930	\$ -	\$ -	\$ 3,205,349	\$ -	\$ 9,484,279	\$ -
State Government							
LCFF apportionment	9,535,696	-	-	-	-	9,535,696	-
Categorical aid	17,023,837	-	-	1,441,001	-	18,464,838	-
Lottery	1,340,369	-	-	-	-	1,340,369	-
Local Government							
Interest	1,021,027	897,121	230,214	394,539	24,584	2,567,485	71,911
Other local sources	6,516,082	-	7	312,154	-	6,828,243	91,227
Total	\$ 41,715,941	\$ 897,121	\$ 230,221	\$ 5,353,043	\$ 24,584	\$ 48,220,910	\$ 163,138

Note 5 - 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	\$ 51,443,075	\$ -	\$ (5,591)	\$ 51,437,484
Construction in progress	8,561,817	57,383,537	(14,421,268)	51,524,086
Total capital assets not being depreciated or amortized	60,004,892	57,383,537	(14,426,859)	102,961,570
Capital assets being depreciated and amortized				
Land improvements	48,767,207	1,983,956	-	50,751,163
Buildings and improvements	517,533,568	17,139,654	-	534,673,222
Furniture and equipment	54,401,555	9,297,452	-	63,699,007
Right-to-use leased furniture and equipment	887,675	-	(887,675)	-
Right-to-use subscription IT assets	182,788	-	(182,788)	-
Total capital assets being depreciated and amortized	621,772,793	28,421,062	(1,070,463)	649,123,392
Total capital assets	681,777,685	85,804,599	(15,497,322)	752,084,962
Accumulated depreciation and amortization				
Land improvements	(23,729,910)	(2,136,958)	-	(25,866,868)
Buildings and improvements	(297,602,589)	(17,820,048)	-	(315,422,637)
Furniture and equipment	(41,387,537)	(2,256,134)	-	(43,643,671)
Right-to-use leased furniture and equipment	(848,837)	(38,838)	887,675	-
Right-to-use subscription IT assets	(128,010)	(54,778)	182,788	-
Total accumulated depreciation and amortization	(363,696,883)	(22,306,756)	1,070,463	(384,933,176)
Net depreciable and amortizable capital assets	258,075,910	6,114,306	-	264,190,216
Governmental activities capital assets, net	\$ 318,080,802	\$ 63,497,843	\$ (14,426,859)	\$ 367,151,786

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

Governmental Activities	
Instruction	\$ 20,466,501
Instructional library, media, and technology	7,338
School site administration	22,628
Home-to-school transportation	108,146
Food services	600,258
All other pupil services	5,710
Data processing	160,490
All other administration	161,486
Plant services	442,865
Community services	46,106
Ancillary services	285,228
Total depreciation and amortization expense governmental activities	\$ 22,306,756

Note 6 - Lease Receivables

Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing a portion of its facilities to various lessees. These leases are non-cancelable for periods more than one year. During the year ended June 30, 2025, the District recognized \$0 in lease revenue and \$0 in interest revenue related to these agreements. As of June 30, 2025, the District recorded \$3,151,322 in leases receivable and \$3,071,713 in deferred inflows of resources for these arrangements. The interest rates on these leases range from two to five percent.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2025, between major funds, non-major governmental funds, the child care enterprise fund, and the internal service fund are as follows:

Due To	Due From					Total
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Child Care Enterprise Fund	
General Fund	\$ -	\$ -	\$ 11,900	\$ 438,363	\$ 55,032	\$ 505,295
Special Reserve Fund for Capital Outlay Projects	10,038	1,940	-	-	-	11,978
Non-Major Governmental Funds	329	-	-	-	-	329
Child Care Enterprise Fund	173,413	-	-	-	-	173,413
Internal Service Fund	579,697	289	-	20,599	2,359	602,944
Total	<u>\$ 763,477</u>	<u>\$ 2,229</u>	<u>\$ 11,900</u>	<u>\$ 458,962</u>	<u>\$ 57,391</u>	<u>\$ 1,293,959</u>

A balance of \$84,094 due from the Adult Education Non-Major Governmental Fund to the General Fund was for the reimbursement of indirect costs.

A balance of \$294,150 due from the Cafeteria Non-Major Governmental Fund to the General Fund resulted from reimbursement of salaries and benefit charges.

A balance of \$60,119 due from the Capital Facilities Non-Major Governmental Fund to the General Fund resulted from the reimbursement of administrative costs.

A balance of \$55,032 from the Child Care Enterprise Fund to the General Fund resulted from the reimbursement of operating costs.

A balance of \$579,697 due from the General Fund to the Internal Service Fund resulted from workers' compensation and other postemployment benefit charges.

The balance of \$173,413 due from the General Fund to the Child Care Enterprise Fund resulted from reimbursement of payroll costs.

All remaining balance resulted for the time lag between the date that (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 for the year ended June 30, 2025, consisted of the following:

Transfer To	Transfer From				Total
	General Fund	Non-Major Governmental Funds	Child Care Enterprise Fund	Internal Service Fund	
General Fund	\$ -	\$ 60,119	\$ 2,602	\$ 1,820	\$ 64,541
Special Reserve Fund for Capital Outlay Projects	-	1,383,583	-	-	1,383,583
Internal Service Fund	50,609	-	-	-	50,609
Total	<u>\$ 50,609</u>	<u>\$ 1,443,702</u>	<u>\$ 2,602</u>	<u>\$ 1,820</u>	<u>\$ 1,498,733</u>

The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for reimbursement of project costs. \$ 1,383,583

The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for reimbursement of administrative costs. 60,119

The Child Care Enterprise Fund transferred to the General Fund for reimbursement of operating costs. 2,602

The General Fund transferred to the Internal Service Fund for workers' compensation and other postemployment benefit charges. 50,609

The Internal Service Fund transferred to the General Fund for dental and workers compensation excessive coverage payment. 1,820

Total \$ 1,498,733

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Child Care Enterprise Fund
Salaries and benefits	\$ 12,655,295	\$ 52,514	\$ -	\$ 541,467	\$ -	\$ 13,249,276	\$ 44,116
LCFF apportionment	1,284,361	-	-	-	-	1,284,361	-
Due to other LEAs	273,089	-	-	646,639	-	919,728	-
Vendor payables	2,954,295	4,791,166	3,219,778	1,068,899	436,620	12,470,758	33,116
Total	<u>\$ 17,167,040</u>	<u>\$ 4,843,680</u>	<u>\$ 3,219,778</u>	<u>\$ 2,257,005</u>	<u>\$ 436,620</u>	<u>\$ 27,924,123</u>	<u>\$ 77,232</u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 54,433	\$ 6,649	\$ 61,082
State categorical aid	2,626,810	-	2,626,810
Other local	1,696,481	-	1,696,481
Total	<u>\$ 4,377,724</u>	<u>\$ 6,649</u>	<u>\$ 4,384,373</u>

Note 10 - 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
Governmental Activities:					
General obligation bonds	\$ 231,546,571	\$ 1,400,853	\$ (10,735,000)	\$ 222,212,424	\$ 11,115,000
Unamortized premium	14,556,983	-	(1,003,363)	13,553,620	-
Certificates of participation	35,555,000	-	(1,195,000)	34,360,000	1,340,000
Unamortized premium	3,058,049	-	(238,290)	2,819,759	-
Leases	39,628	-	(39,628)	-	-
Subscription-based IT arrangements	25,369	-	(25,369)	-	-
Supplemental early retirement plan	-	17,171,220	-	17,171,220	3,434,244
Compensated absences	30,359,854	-	(5,618,129)	24,741,725	3,922,284
Total Governmental Activities	\$ 315,141,454	\$ 18,572,073	\$ (18,854,779)	\$ 314,858,748	\$ 19,811,528
Business-Type Activities:					
Compensated absences	\$ 150,079	\$ -	\$ (87,227)	62,852	\$ 9,964

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

Payments on the general obligation bonds are paid by the Bond Interest and Redemption Fund. Certificates of participation are paid by the Special Reserve Fund for Capital Outlay Projects. The leases, subscription-based IT arrangements, and the supplemental early retirement plan payments are made by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
5/30/2002	02/01/27	5.85-5.86%	\$ 92,000,541	\$ 14,215,254	\$ 966,905	\$ -	\$ 15,182,159
1/7/2004	08/01/28	5.52%	20,359,341	5,471,317	433,948	-	5,905,265
10/20/2015	08/01/28	2.00-5.00%	42,060,000	11,920,000	-	(1,940,000)	9,980,000
6/6/2019	08/01/48	3.00-5.00%	56,500,000	38,475,000	-	-	38,475,000
2/25/2021	08/01/28	0.187-1.521%	39,460,000	29,115,000	-	(8,590,000)	20,525,000
6/1/2022	08/01/48	4.125-5.25%	138,270,000	132,350,000	-	(205,000)	132,145,000
				\$ 231,546,571	\$ 1,400,853	\$ (10,735,000)	\$ 222,212,424

The general obligation bonds mature through 2049 as follows:

Bonds Maturing Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2026	\$ 11,115,000	\$ -	\$ 8,699,758	\$ 19,814,758
2027	18,877,159	1,762,841	8,536,432	29,176,432
2028	8,995,000	-	8,343,939	17,338,939
2029	14,660,265	1,519,735	8,089,508	24,269,508
2030	1,470,000	-	7,918,075	9,388,075
2031-2035	14,915,000	-	37,873,600	52,788,600
2036-2040	31,390,000	-	32,495,925	63,885,925
2041-2045	54,460,000	-	22,954,769	77,414,769
2046-2049	66,330,000	-	7,004,094	73,334,094
Total	<u>\$ 222,212,424</u>	<u>\$ 3,282,576</u>	<u>\$ 141,916,100</u>	<u>\$ 367,411,100</u>

Certificates of Participation

The District entered into a long-term lease-purchase agreement with the Vista Unified School District Improvement Corporation (the Corporation) for the acquisition, construction, and improvement of District facilities. The Corporation is a nonprofit public benefit corporation organized primarily to render financial assistance to the District by financing and constructing public school buildings and facilities in the District.

The outstanding certificates of participation are as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	COPs Outstanding July 1, 2024	Issued	Redeemed	COPs Outstanding June 30, 2025
5/12/2022	10/1/2037	4.00-5.00%	\$ 38,585,000	<u>\$ 35,555,000</u>	<u>\$ -</u>	<u>\$ (1,195,000)</u>	<u>\$ 34,360,000</u>

In May 2022, Certificates of Participation of \$38,585,000 were issued. The certificates have a final maturity of October 1, 2037, with interest rates of 4.00-5.00%. As of June 30, 2025, the principal balance outstanding was \$34,360,000.

The certificates mature through 2038 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,340,000	\$ 1,534,100	\$ 2,874,100
2027	1,510,000	1,462,850	2,972,850
2028	1,700,000	1,382,600	3,082,600
2029	1,895,000	1,292,725	3,187,725
2030	2,105,000	1,192,725	3,297,725
2031-2035	14,125,000	4,080,400	18,205,400
2036-2038	11,685,000	723,700	12,408,700
Total	<u>\$ 34,360,000</u>	<u>\$ 11,669,100</u>	<u>\$ 46,029,100</u>

Supplemental Early Retirement Plan (SERP)

In November 2024, the District adopted a supplemental early retirement plan incentive whereby certain eligible employees are provided a retirement incentive supplementing the retirement benefits that they are entitled to through the California State Teachers' Retirement System (STRS) and the California Public Employees Retirement System (PERS). The incentive annuities require the District to pay each retiring employee 70% of the salary earned in 2024-2025 over a five-year period. Eligible employees must have be age 55 or older and have a minimum ten years of district service, be in a position greater than 0.50 FTE, and resign from the District as of June 30, 2025 or December 31, 2025 (classified employees only). A total of 261 employees participated in the plan. Total cost of the plan was \$17,171,220 with an effective first date of payment as of July 10, 2025 in the amount of \$2,943,668. As of June 30, 2025, the balance outstanding was \$17,171,220.

Future payments on the SERP are as follows:

Year Ending June 30,	
2026	\$ 3,434,244
2027	3,434,244
2028	3,434,244
2029	3,434,244
2030	<u>3,434,244</u>
Total	<u>\$ 17,171,220</u>

Leases

The District has entered into an agreement to lease vehicles for five years. The District was required to make principal and interest payments through June 30, 2025. The agreement had an interest rate of 1.75%. As of June 30, 2025, the lease ended. The related right-to-use leased assets were removed from capital assets and the lease liability was \$0.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of software. The District was required to make principal and interest payments through June 30, 2025. The agreements had interest rates averaging 2.157%. As of June 30, 2025, the SBITAs ended. The related right-to-use subscription IT assets were removed from capital assets and the SBITA liability was \$0.

Note 11 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 35,949,332	\$ 7,631,356	\$ 8,381,686	\$ 3,825,897
Medicare Premium Payment (MPP) Program	844,149	-	-	(70,646)
Total	<u>\$ 36,793,481</u>	<u>\$ 7,631,356</u>	<u>\$ 8,381,686</u>	<u>\$ 3,755,251</u>

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 July 1, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	178
Active employees	<u>2,495</u>
Total	<u>2,673</u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Vista Teachers Association (VTA), 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, VTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2024, the District paid \$2,480,130 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$35,949,332 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.80%, average, including inflation
Discount rate	4.21% for 2024
Healthcare cost trend rates	4.50%

The discount rate was based on the 20-year tax-exempt general obligation bond municipal bonds with an average rating of AA/As or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds.

Mortality rates used were as follows:

- PERS Employees: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- STRS Employees: SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table Fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023 (Measurement Date)	\$ 33,963,207
Service cost	1,999,954
Interest	1,434,580
Change of benefit terms	1,199,501
Change of assumptions	(167,780)
Benefit payments	(2,480,130)
Net change in total OPEB liability	1,986,125
Balance, June 30, 2024 (Measurement Date)	\$ 35,949,332

Change of assumptions reflect a change in the discount rate from 4.13% in 2013 to 4.21% in 2024. Changes in benefit terms reflect an increase in the maximum contributions from \$475 per month to \$563.25 per month for Classified Employees retiring on or after July 1, 2023, and an increase in the maximum contributions from \$487.50 per month to \$500 per month for Certificated Employees retiring on or after July 1, 2022.

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 (3.21%)	\$ 38,083,330
Current discount rate (4.21%)	35,949,332
1% increase (5.21%)	33,900,222

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

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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.50%)	\$ 33,802,245
Current healthcare cost trend rate (4.50%)	35,949,332
1% increase (5.50%)	38,437,322

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 \$3,825,897. 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
Amounts paid by the District for OPEB as the benefits come due subsequent to measurement date	\$ 2,658,822	\$ -
Differences between expected and actual experience	3,149,987	2,672,700
Change of assumptions	1,822,547	5,708,986
Total	\$ 7,631,356	\$ 8,381,686

Amounts reported as deferred outflows of resources for amounts paid by the District for OPEB as benefits come due subsequent to measurement date will be reported as a reduction of the total OPEB liability in the subsequent fiscal year.

The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (773,867)
2027	(773,871)
2028	(809,301)
2029	(815,519)
2030	(815,521)
Thereafter	578,927
Total	\$ (3,409,152)

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 \$844,149 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 0.3167%, and 0.3015%, resulting in a net increase in the proportionate share of 0.0152%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(70,646).

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%)	\$ 910,815
Current discount rate (3.93%)	844,149
1% increase (4.93%)	785,527

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 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)	\$ 782,014
Current Medicare costs trend rate (5.00% Part A and 6.50% Part B)	844,149
1% increase (6.00% Part A and 7.50% Part B)	913,520

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 250,000	\$ -	\$ -	\$ 3,492	\$ 253,492
Stores inventories	276,132	-	-	457,674	733,806
Prepaid expenditures	98,063	-	-	-	98,063
Total nonspendable	624,195	-	-	461,166	1,085,361
Restricted					
Legally restricted programs	63,083,278	-	-	3,490,287	66,573,565
Food service	-	-	-	15,243,077	15,243,077
Capital projects	-	46,552,215	41,039,857	15,748,797	103,340,869
Debt service	-	-	-	19,046,972	19,046,972
Total restricted	63,083,278	46,552,215	41,039,857	53,529,133	204,204,483
Committed					
Supplemental & Concentration Carryover	596,187	-	-	-	596,187
Other Commitments for Future Student Needs	1,447,981	-	-	-	1,447,981
Future textbook adoptions	1,633,169	-	-	-	1,633,169
Total committed	3,677,337	-	-	-	3,677,337
Assigned					
Supplemental and concentration	-	-	-	806,490	806,490
Unassigned					
Reserve for economic uncertainties	18,559,891	-	-	-	18,559,891
Remaining unassigned	31,134,117	-	-	-	31,134,117
Total unassigned	49,694,008	-	-	-	49,694,008
Total	\$ 117,078,818	\$ 46,552,215	\$ 41,039,857	\$ 54,796,789	\$ 259,467,679

Note 13 - Risk Management

Description

The District's risk management activities are recorded in the General Fund and Internal Service Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance, except for the dental program which is self-insured through the Internal Service Fund. The District participates in Southern California Regional Liability Excess Fund (SCRLEF) for property and liability coverage. The District participated in the Protected Insurance Program for Schools Joint Powers Authority (PIPS) for workers' compensation. Refer to Note 16 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liability

The District records an estimated liability for dental claims against the District. Claims liability are based on estimates of the ultimate cost of reported claims using a two-month lag based on program history and experience.

Unpaid Claims Liability

The following represent the changes in approximate aggregate liability for the District from July 1, 2023 to June 30, 2025:

	Dental Program
Liability Balance, July 1, 2023	\$ 170,067
Claims and changes in estimates	982,016
Claims payments	(977,141)
Liability Balance, July 1, 2024	174,942
Claims and changes in estimates	1,027,820
Claims payments	(1,020,252)
Liability Balance, June 30, 2025	<u>\$ 182,510</u>
Assets available to pay claims at June 30, 2025	<u>\$ 1,500,596</u>

Note 14 - 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	\$ 145,806,423	\$ 54,562,944	\$ 22,633,616	\$ 12,850,054
CalPERS	90,713,538	27,293,296	5,149,128	13,316,218
Total	<u>\$ 236,519,961</u>	<u>\$ 81,856,240</u>	<u>\$ 27,782,744</u>	<u>\$ 26,166,272</u>

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

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 \$28,601,047.

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	\$ 145,806,423
State's proportionate share of the net pension liability	<u>66,896,488</u>
Total	<u><u>\$ 212,702,911</u></u>

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 members districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.2171% and 0.2038%, resulting in a net increase in the proportionate share of 0.0133%.

For the year ended June 30, 2025, the District recognized pension expense of \$12,850,054. In addition, the District recognized pension expense and revenue of \$6,090,143 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	\$ 28,601,047	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,831,058	5,711,187
Differences between projected and actual earnings on pension plan investments	-	588,323
Differences between expected and actual experience in the measurement of the total pension liability	16,492,584	6,376,033
Change of assumptions	<u>638,255</u>	<u>9,958,073</u>
Total	<u><u>\$ 54,562,944</u></u>	<u><u>\$ 22,633,616</u></u>

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	\$ (9,774,448)
2027	11,772,068
2028	(960,457)
2029	(1,625,486)
Total	<u>\$ (588,323)</u>

The deferred outflows/(inflows) of resources related to the change in proportionate 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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� 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	\$ (1,174,694)
2027	(443,872)
2028	477,652
2029	1,740,074
2030	2,560,922
Thereafter	756,522
Total	<u>\$ 3,916,604</u>

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%	0.1%

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%)	\$ 259,341,915
Current discount rate (7.10%)	145,806,423
1% increase (8.10%)	50,999,575

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)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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 are 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 \$14,147,091.

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 \$90,713,538. The net pension liability was measured as of June 30, 2023. 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 0.2538% and 0.2647%, resulting in a net decrease in the proportionate share of 0.0109%.

For the year ended June 30, 2025, the District recognized pension expense of \$13,316,218. 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	\$ 14,147,091	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,429	4,499,894
Differences between projected and actual earnings on pension plan investments	3,523,697	-
Differences between expected and actual experience in the measurement of the total pension liability	7,605,004	649,234
Change of assumptions	<u>2,005,075</u>	<u>-</u>
Total	<u>\$ 27,293,296</u>	<u>\$ 5,149,128</u>

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	\$ (30,377)
2027	5,478,547
2028	(809,523)
2029	<u>(1,114,950)</u>
Total	<u>\$ 3,523,697</u>

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 of Resources
2026	\$ 2,184,978
2027	1,311,025
2028	977,377
Total	<u>\$ 4,473,380</u>

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, the 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 the School Employer Pool 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%)	\$ 134,755,717
Current discount rate (6.90%)	90,713,538
1% increase (7.90%)	54,331,192

Alternative Retirement Program

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 the Public Agency Retirement System (PARS) as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.30% of an employee's gross earnings. An employee is required to contribute 6.20% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$60,375, which represents 0.02% of its current year covered payroll.

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 \$13,507,832 (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 accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - 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 involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Bobier ES Renovation	\$ 53,079,806	July 2026
District Wide Painting	208,000	August 2025
District Wide Roofing	652,489	August 2025
Fire Alarm Rancho Buena Vista HS	34,060	On Hold
Fire Alarm Vista Adult School	11,000	On Hold
Fire Alarm Vista Adult Transition Center	7,160	On Hold
Grapevine ES Playground Equipment	9,110	On Hold
Rancho Buena Vista HS Bleachers	64,100	On Hold
Rancho Buena Vista HS Theater	227,150	On Hold
Rancho Buena Vista HS Track & Field	84,473	On Hold
Rancho Minerva MS Black Box Theater *	114,655	December 2025
Rancho Minerva MS Building Envelope *	85,420	Summer 2025
Rancho Minerva MS Drainage & Paving *	16,879	Summer 2025
Rancho Minerva MS Asphalt & Envelope GMP *	3,836,697	August 2025
Rancho Minerva MS Sheds *	53,386	August 2025
Transportation Bus Charging	30,580	Summer 2026
Vapa Main Switchgear	7,226	March 2026
Vista HS Backstop	59,350	On Hold
Vista HS Track & Field Replacement	404,251	On Hold
Vista Magnet MS Relo	181,678	October 2025
Total	<u>\$ 59,167,470</u>	

* Rancho Minerva Middle School campus is to be renamed to Vista Innovation & Design Academy starting in the 2025-26 school year.

Note 16 - Participation in Public Entity Risk Pools, Joint Power Authorities, and other Related Party Transactions

The District is a member of the Southern California Regional Liability Excess Fund (SCRLEF) and the Protected Insurance Program for Schools (PIPS) Joint Power Authority's (JPAs). The District pays an annual premium to SCRLEF and PIPS for its property and liability coverage and workers' compensation coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2025, the District made payments of \$2,045,302 and \$6,765,094 to SCRLEF and PIPS, respectively, for services received.

Note 17 - Restatement

Correction of Error in Previously Issued Financial Statements

During the year ended June 30, 2025, the Vista Unified School District determined that there were certain errors in amounts previously reported in the 2023-2024 financial statements resulting in a restatement of the beginning net position and fund balance. The correction consists of the following and the effect of the correction of error is shown in the table below:

1. The District identified receivables in the amount of \$4,208,224 for the California Schools Healthy Air, Plumbing, and Efficiency Program (CalSHAPE) grant that were overstated.

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 current portion and compensated absences noncurrent portion were increased by \$4,740,762 and \$23,990,945, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below:

	General Fund	
Beginning Fund Balance, as previously reported on June 30, 2024	\$ 143,116,444	
Correction of Error [1]	(4,208,224)	
Beginning Fund Balance, as restated on July 1, 2024	\$ 138,908,220	

	Government-Wide	
	Governmental Activities	Business-Type Activities
Beginning Net Position, as previously reported on June 30, 2024	\$ 123,422,099	\$ 1,930,853
Correction of Error [1]	(4,208,224)	-
Change in accounting principle	(28,581,628)	(150,079)
Beginning Net Position, as restated on July 1, 2024	\$ 90,632,247	\$ 1,780,774

The impact of the above restatement related to the error decreased the change in fund balance of the General Fund by \$4,208,224 for the fiscal year ending June 30, 2024. Additionally, the impact of the above restatement related to the error decreased the change in net position of the governmental activities by \$4,208,224 for the fiscal year ending June 30, 2024.

Required Supplementary Information
June 30, 2025

Vista Unified School District

Vista Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 243,105,763	\$ 246,450,276	\$ 246,570,823	\$ 120,547
Federal sources	12,818,217	25,902,440	26,010,063	107,623
Other State sources	41,627,171	38,288,789	44,093,623	5,804,834
Other local sources	20,453,533	25,255,033	31,741,723	6,486,690
Total revenues	318,004,684	335,896,538	348,416,232	12,519,694
Expenditures				
Current				
Certificated salaries	148,743,169	146,794,213	146,626,467	167,746
Classified salaries	54,047,374	52,029,051	54,514,859	(2,485,808)
Employee benefits	91,111,387	90,043,581	88,417,764	1,625,817
Books and supplies	17,038,291	19,467,535	14,545,230	4,922,305
Services and operating expenditures	35,014,168	53,802,263	50,609,710	3,192,553
Other outgo	1,307,909	1,443,625	1,553,926	(110,301)
Capital outlay	1,652,499	12,668,735	13,923,815	(1,255,080)
Debt service				
Debt service - principal	-	-	64,997	(64,997)
Debt service - interest and other	-	-	2,798	(2,798)
Total expenditures	348,914,797	376,249,003	370,259,566	5,989,437
Deficiency of Revenues Over Expenditures	(30,910,113)	(40,352,465)	(21,843,334)	18,509,131
Other Financing Sources (Uses)				
Transfers in	-	-	64,541	64,541
Transfers out	-	-	(50,609)	(50,609)
Net Financing Sources	-	-	13,932	13,932
Net Change in Fund Balance	(30,910,113)	(40,352,465)	(21,829,402)	18,523,063
Fund Balance - Beginning, as previously reported	143,116,444	143,116,444	143,116,444	-
Adjustments (Note 17)	(4,208,224)	(4,208,224)	(4,208,224)	-
Fund Balance - Beginning, as restated	138,908,220	138,908,220	138,908,220	-
Fund Balance - Ending	\$ 107,998,107	\$ 98,555,755	\$ 117,078,818	\$ 18,523,063

Vista 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	\$ 1,999,954	\$ 1,333,624	\$ 1,847,953	\$ 2,494,016
Interest	1,434,580	1,143,777	731,374	1,074,641
Change of benefit terms	1,199,501	579,465	-	250,241
Difference between expected and actual experience	-	3,882,991	(2,123,239)	(1,352,198)
Change of assumptions	(167,780)	1,676,764	(2,986,204)	(6,241,752)
Benefit payments	(2,480,130)	(2,544,519)	(2,241,446)	(2,917,430)
Net change in total OPEB liability	1,986,125	6,072,102	(4,771,562)	(6,692,482)
Total OPEB Liability - Beginning	33,963,207	27,891,105	32,662,667	39,355,149
Total OPEB Liability - Ending	<u>\$ 35,949,332</u>	<u>\$ 33,963,207</u>	<u>\$ 27,891,105</u>	<u>\$ 32,662,667</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 2,319,115	\$ 2,240,185	\$ 2,208,760	\$ 2,136,132
Interest	1,241,505	1,333,485	1,267,401	1,226,930
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,160,561)	174,376	-	-
Change of assumptions	1,210,312	109,084	(239,911)	-
Benefit payments	(2,677,188)	(2,589,087)	(2,300,126)	(2,190,596)
Net change in total OPEB liability	933,183	1,268,043	936,124	1,172,466
Total OPEB Liability - Beginning	38,421,966	37,153,923	36,217,799	35,045,333
Total OPEB Liability - Ending	<u>\$ 39,355,149</u>	<u>\$ 38,421,966</u>	<u>\$ 37,153,923</u>	<u>\$ 36,217,799</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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.

Vista Unified School District

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

Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.3167%	0.3015%	0.3123%	0.3125%
Proportionate share of the net OPEB liability	\$ 844,149	\$ 914,795	\$ 1,028,371	\$ 1,246,572
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.

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

Vista Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.2171%	0.2038%	0.2081%	0.2079%	0.2062%
Proportionate share of the net pension liability	\$ 145,806,423	\$ 155,232,215	\$ 144,590,315	\$ 94,618,156	\$ 199,852,414
State's proportionate share of the net pension liability	66,896,488	74,376,119	72,410,264	47,608,186	103,023,943
Total	<u>\$ 212,702,911</u>	<u>\$ 229,608,334</u>	<u>\$ 217,000,579</u>	<u>\$ 142,226,342</u>	<u>\$ 302,876,357</u>
Covered payroll	<u>\$ 145,485,120</u>	<u>\$ 125,973,194</u>	<u>\$ 122,933,044</u>	<u>\$ 113,502,372</u>	<u>\$ 111,762,731</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	100.22%	123.23%	117.62%	83.36%	178.82%
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	0.2130%	0.2148%	0.2144%	0.2114%	0.2162%
Proportionate share of the net pension liability	\$ 192,336,873	\$ 197,397,120	\$ 198,306,666	\$ 170,952,455	\$ 145,525,900
State's proportionate share of the net pension liability	104,932,605	113,019,083	117,316,548	103,238,385	82,030,821
Total	<u>\$ 297,269,478</u>	<u>\$ 310,416,203</u>	<u>\$ 315,623,214</u>	<u>\$ 274,190,840</u>	<u>\$ 227,556,721</u>
Covered payroll	<u>\$ 114,467,340</u>	<u>\$ 114,330,000</u>	<u>\$ 113,647,544</u>	<u>\$ 105,825,061</u>	<u>97,351,892</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	168.03%	172.66%	174.49%	161.54%	149.48%
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

Vista Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2025

CalPERS	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	<u>0.2538%</u>	<u>0.2647%</u>	<u>0.2770%</u>	<u>0.2860%</u>	<u>0.2842%</u>
Proportionate share of the net pension liability	<u>\$ 90,713,538</u>	<u>\$ 95,816,039</u>	<u>\$ 95,298,516</u>	<u>\$ 58,083,646</u>	<u>\$ 87,191,395</u>
Covered payroll	<u>\$ 50,559,944</u>	<u>\$ 46,026,665</u>	<u>\$ 42,660,921</u>	<u>\$ 41,419,304</u>	<u>\$ 41,682,633</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>179.42%</u>	<u>208.18%</u>	<u>223.39%</u>	<u>140.23%</u>	<u>209.18%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	<u>0.3036%</u>	<u>0.2974%</u>	<u>0.3135%</u>	<u>0.3195%</u>	<u>0.3199%</u>
Proportionate share of the net pension liability	<u>\$ 88,485,067</u>	<u>\$ 79,286,454</u>	<u>\$ 74,851,254</u>	<u>\$ 63,097,931</u>	<u>\$ 47,158,218</u>
Covered payroll	<u>\$ 42,053,161</u>	<u>\$ 39,222,091</u>	<u>\$ 39,983,057</u>	<u>\$ 39,222,580</u>	<u>38,131,425</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>210.41%</u>	<u>202.15%</u>	<u>187.21%</u>	<u>160.87%</u>	<u>123.67%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Vista Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 28,601,047	\$ 27,787,658	\$ 24,060,880	\$ 20,800,271	\$ 18,330,633
Less contributions in relation to the contractually required contribution	<u>28,601,047</u>	<u>27,787,658</u>	<u>24,060,880</u>	<u>20,800,271</u>	<u>18,330,633</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 149,743,702</u>	<u>\$ 145,485,120</u>	<u>\$ 125,973,194</u>	<u>\$ 122,933,044</u>	<u>\$ 113,502,372</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 19,111,427	\$ 18,635,283	\$ 16,497,819	\$ 14,296,861	\$ 11,355,029
Less contributions in relation to the contractually required contribution	<u>19,111,427</u>	<u>18,635,283</u>	<u>16,497,819</u>	<u>14,296,861</u>	<u>11,355,029</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 111,762,731</u>	<u>\$ 114,467,340</u>	<u>\$ 114,330,000</u>	<u>\$ 113,647,544</u>	<u>\$ 105,825,061</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

Vista Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 14,147,091	\$ 13,489,393	\$ 11,676,965	\$ 9,773,617	\$ 8,573,796
Less contributions in relation to the contractually required contribution	<u>14,147,091</u>	<u>13,489,393</u>	<u>11,676,965</u>	<u>9,773,617</u>	<u>8,573,796</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 52,299,782</u>	<u>\$ 50,559,944</u>	<u>\$ 46,026,665</u>	<u>\$ 42,660,921</u>	<u>\$ 41,419,304</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,220,232	\$ 7,595,642	\$ 6,091,583	\$ 5,552,847	\$ 4,646,699
Less contributions in relation to the contractually required contribution	<u>8,220,232</u>	<u>7,595,642</u>	<u>6,091,583</u>	<u>5,552,847</u>	<u>4,646,699</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 41,682,633</u>	<u>\$ 42,053,161</u>	<u>\$ 39,222,091</u>	<u>\$ 39,983,057</u>	<u>\$ 39,222,580</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

- *Change in Benefit Terms* – Changes in benefit terms reflect an increase in the maximum contributions from \$475 per month to \$563.25 per month for Classified Employees retiring on or after July 1, 2023, and an increase in the maximum contributions from \$487.50 per month to \$500 per month for Certificated Employees retiring on or after July 1, 2022.
- *Change of Assumptions* – The discount rate was changed from 4.13% in 2023 to 4.21% in 2024.

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

Vista Unified School District

Vista Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed Through North Coastal SELPA				
Special Education (IDEA) Cluster				
Basic Local Assistance Entitlement, Part B	84.027	13379	\$ 5,145,065	\$ -
Local Assistance, Part B, Private School ISPs	84.027	10115	81,679	-
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	232,359	-
Subtotal			5,459,103	-
Preschool Grants, Part B, Section 619	84.173	13430	163,182	-
Preschool Staff Development, Part B, Sec 619	84.173A	13431	112	-
Subtotal			163,294	-
Total Special Education (IDEA) Cluster			5,622,397	-
Passed Through California Department of Education (CDE)				
Adult Education: Adult Basic Education & ELA	84.002A	14508	719,673	529,790
Adult Secondary Education	84.002	13978	485,436	334,442
English Literacy & Civics Education	84.002A	14109	88,000	88,000
Subtotal			1,293,109	952,232
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	5,071,707	-
Title I, School Improvement Funding for LEAs	84.010	15438	329,163	-
Subtotal			5,400,870	-
Education Stabilization Fund (ESF)				
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	11,401,653	-
COVID-19 21st Century Community Learning Centers (CCLC): ESSER III State Reserve Summer Learning Programs	84.425U	15650	199,911	-
COVID-19 ESSER III State Reserve Summer Learning Programs	84.425U	15752	480,345	-
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	85,454	-
Subtotal			12,167,363	-
Title III, English Learner Student Program	84.365	14346	203,203	-
Title III, Immigrant Education Program	84.365	15146	38,985	-
Subtotal			242,188	-
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Sec. 131	84.048	14894	278,096	-

Vista Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Passed through CDE (continued)				
Title II, Part A, Supporting Effective Instruction	84.367	14341	\$ 723,940	\$ -
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	599,415	-
Passed through San Diego County Office of Education (SDCOE)				
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14603	843,575	-
Passed through Department of Rehabilitation				
Workability II, Transition Partnership	84.126	10006	264,087	-
Total U.S. Department of Education			27,435,040	952,232
U.S. Department of Defense				
Junior ROTC Program	12.000	[1]	133,813	-
Total U.S. Department of Defense			133,813	-
U.S. Department of Agriculture				
Passed Through CDE				
Child Nutrition Cluster				
School Lunch - Section 4	10.555	13523	954,589	-
School Lunch - Section 11	10.555	13524	4,739,884	-
Commodities	10.555	13524	196,528	-
Local Food for Schools	10.555	15708	2,905	-
Subtotal			5,893,906	-
School Basic Breakfast Program	10.553	13525	1,749	-
School Breakfast Program Severe Need	10.553	13526	2,033,210	-
Subtotal			2,034,959	-
Total Child Nutrition Cluster			7,928,865	-
Passed Through California Department of Social Services				
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes	10.558	13529	751,743	-
Child and Adult Care Food Program (Cash Advance)	10.558	13534	73,686	-
Subtotal			825,429	-
Total U.S. Department of Agriculture			8,754,294	-
Total Federal Financial Assistance			\$ 36,323,147	\$ 952,232

[1] Direct award, no pass-through entity identifying number

Vista Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Final Report	
	Revised Second Period Report B7DA50A5	Annual Report 178CAF7F
Regular ADA		
Transitional kindergarten through third	5,400.04	5,411.19
Fourth through sixth	3,854.53	3,854.14
Seventh and eighth	2,283.01	2,280.46
Ninth through twelfth	5,292.56	5,259.48
Total Regular ADA	16,830.14	16,805.27
Extended Year Special Education		
Transitional kindergarten through third	10.69	10.69
Fourth through sixth	5.59	5.59
Seventh and eighth	2.30	2.30
Ninth through twelfth	7.39	7.39
Total Extended Year Special Education	25.97	25.97
Special Education, Nonpublic, and Nonsectarian Schools		
Transitional kindergarten through third	0.45	0.52
Fourth through sixth	0.71	0.77
Seventh and eighth	2.03	2.16
Ninth through twelfth	12.54	12.35
Total Special Education, Nonpublic, and Nonsectarian Schools	15.73	15.80
Extended Year Special Education, Nonpublic, and Nonsectarian Schools		
Seventh and eighth	0.57	0.57
Ninth through twelfth	2.53	2.53
Total Extended Year Special Education, Nonpublic, and Nonsectarian Schools	3.10	3.10
Total ADA	16,874.94	16,850.14

Vista Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	55,020	-	55,020	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,120	-	54,120	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,120	-	54,120	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,120	-	54,120	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,120	-	54,120	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,120	-	54,120	180	-	180	N/A	N/A	N/A	Complied
Grade 6		59,281	-	59,281	180	-	180	N/A	N/A	N/A	Complied
Grade 7		59,281	-	59,281	180	-	180	N/A	N/A	N/A	Complied
Grade 8		59,281	-	59,281	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,244	-	65,244	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,244	-	65,244	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,244	-	65,244	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,244	-	65,244	180	-	180	N/A	N/A	N/A	Complied

Vista Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Cafeteria Fund
	<u> </u>	<u> </u>
Fund Balance		
Balance, June 30, 2025, Unaudited Actuals	\$ 116,322,858	\$ 17,100,073
Increase in		
Cash in banks	-	141,066
Decrease in		
Receivables	-	(1,536,896)
Accounts payable	<u>755,960</u>	<u>-</u>
Balance, June 30, 2025, Audited Financial Statements	<u><u>\$ 117,078,818</u></u>	<u><u>\$ 15,704,243</u></u>

Vista Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024, ¹ as restated	2023 ¹
General Fund				
Revenues	\$ 317,470,033	\$ 348,416,232	\$ 373,066,945	\$ 381,114,386
Other sources	-	64,541	9,788	647,454
Total revenues and other sources	317,470,033	348,480,773	373,076,733	381,761,840
Expenditures	352,216,542	370,259,566	355,702,860	323,716,847
Other uses	-	50,609	14,617	-
Total expenditures and other uses	352,216,542	370,310,175	355,717,477	323,716,847
Increase/(Decrease) in Fund Balance	(34,746,509)	(21,829,402)	17,359,256	58,044,993
Ending Fund Balance	\$ 82,332,309	\$ 117,078,818	\$ 138,908,220	\$ 121,548,964
Available Reserves ²	\$ 38,915,751	\$ 49,694,008	\$ 41,149,956	\$ 34,743,214
Available Reserves as a Percentage of Total Outgo	11.05%	13.42%	11.57%	10.73%
Long-Term Liabilities ³	N/A	\$ 588,235,042	\$ 572,486,082	\$ 573,822,255
K-12 Average Daily Attendance at P-2	16,555	16,875	17,288	17,266

The General Fund balance has decreased by \$4,470,146 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$34,746,509 (29.7%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures 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 \$14,412,787 over the past two years.

Average daily attendance has decreased by 391 over the past two years. An additional decrease of 320 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 Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

Vista Unified School District

Schedule of Charter Schools

Year Ended June 30, 2025

Name of Charter School	Charter Number	Included in Audit Report
Bella Mente Montessori Academy	1515	No
Guajome Park Academy	0050	No
Guajome Learning Center	1351	No
North County Trade Tech Charter High School	0884	No
School for Integrated Academies and Technologies	0627	No

Vista Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Adult Education Fund	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets							
Deposits and investments	\$ 3,465,753	\$ 1,322,732	\$ 12,297,859	\$ 15,565,537	\$ 9,506	\$ 19,046,972	\$ 51,708,359
Receivables	1,218,628	-	3,892,942	239,401	2,072	-	5,353,043
Due from other funds	329	-	-	-	-	-	329
Stores inventories	-	-	457,674	-	-	-	457,674
Total assets	\$ 4,684,710	\$ 1,322,732	\$ 16,648,475	\$ 15,804,938	\$ 11,578	\$ 19,046,972	\$ 57,519,405
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 1,620,228	\$ -	\$ 629,177	\$ 7,600	\$ -	\$ -	\$ 2,257,005
Due to other funds	90,437	-	308,406	60,119	-	-	458,962
Unearned revenue	-	-	6,649	-	-	-	6,649
Total liabilities	1,710,665	-	944,232	67,719	-	-	2,722,616
Fund Balances							
Nonspendable	-	-	461,166	-	-	-	461,166
Restricted	2,167,555	1,322,732	15,243,077	15,737,219	11,578	19,046,972	53,529,133
Assigned	806,490	-	-	-	-	-	806,490
Total fund balances	2,974,045	1,322,732	15,704,243	15,737,219	11,578	19,046,972	54,796,789
Total liabilities and fund balances	\$ 4,684,710	\$ 1,322,732	\$ 16,648,475	\$ 15,804,938	\$ 11,578	\$ 19,046,972	\$ 57,519,405

Vista Unified School District

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

Year Ended June 30, 2025

	Adult Education Fund	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues							
Federal sources	\$ 1,557,196	\$ -	\$ 9,090,643	\$ -	\$ -	\$ -	\$ 10,647,839
Other State sources	10,004,515	-	6,101,473	-	1,374,914	100,640	17,581,542
Other local sources	355,621	3,902,784	894,139	2,830,407	33,942	19,182,203	27,199,096
Total revenues	11,917,332	3,902,784	16,086,255	2,830,407	1,408,856	19,282,843	55,428,477
Expenditures							
Current							
Instruction	2,300,309	-	-	-	-	-	2,300,309
Instruction-related activities							
School site administration	1,369,447	-	-	-	-	-	1,369,447
Pupil services							
Food services	-	-	14,141,055	-	-	-	14,141,055
All other pupil services	367,515	-	-	-	-	-	367,515
Administration							
All other administration	160,262	-	292,954	63,003	-	-	516,219
Plant services	504,204	-	124,875	-	-	-	629,079
Ancillary services	-	3,957,010	-	-	-	-	3,957,010
Other outgo	7,206,300	-	-	-	-	-	7,206,300
Facility acquisition and construction	758,666	-	319,885	-	-	-	1,078,551
Debt service							
Principal	-	-	-	-	-	10,735,000	10,735,000
Interest and other	-	-	-	-	-	8,871,712	8,871,712
Total expenditures	12,666,703	3,957,010	14,878,769	63,003	-	19,606,712	51,172,197
Excess (Deficiency) of Revenues Over Expenditures	(749,371)	(54,226)	1,207,486	2,767,404	1,408,856	(323,869)	4,256,280
Other Financing Uses							
Transfers out	-	-	-	(60,119)	(1,383,583)	-	(1,443,702)
Net Change in Fund Balances	(749,371)	(54,226)	1,207,486	2,707,285	25,273	(323,869)	2,812,578
Fund Balance - Beginning	3,723,416	1,376,958	14,496,757	13,029,934	(13,695)	19,370,841	51,984,211
Fund Balance - Ending	\$ 2,974,045	\$ 1,322,732	\$ 15,704,243	\$ 15,737,219	\$ 11,578	\$ 19,046,972	\$ 54,796,789

See Notes to Supplementary Information

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 Vista 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 District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. 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.

Indirect Cost Rate

The District has not elected to use the ten percent 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 food commodities totaling \$38,719 in inventory.

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

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 - Balance Sheet and 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

Vista Unified School District

Organization

The Vista Unified School District was established in 1936 and is comprised of an area of approximately 38.7 square miles in Vista, California. The District is currently operating fifteen elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, one early childhood special education center, one blended learning/independent study middle/high school, an adult education school, and an adult transition center. There were no changes in the boundaries of the District during the current fiscal year.

Governing Board

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Rena Marrocco	President	2026
Sue Martin	Vice President	2028
Mike Markov	Clerk	2028
Martha Alvarado	Member	2026
Cipriano Vargas	Member	2028

Administration

<u>Name</u>	<u>Title</u>
Mathew Doyle, Ed.D	Superintendent
Rachel D'Ambroso	Assistant Superintendent, Human Relations
Shawn T. Loescher	Assistant Superintendent, Business and Operations Support Services
Eric Chagala, Ed.D	Assistant Superintendent, Educational, Excellence & Innovation Services

Independent Auditor's Reports
June 30, 2025

Vista 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
Vista Unified School District
Vista, 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 Vista 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 12, 2025.

Correction of Error

As discussed in Note 17 to the financial statements, an error resulting in an overstatement of receivables as of June 30, 2024, was discovered by management during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and to the governmental activities net position as of July 1, 2024, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Note 17 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 and business-type 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a significant deficiency.

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*.

District's Response to Findings

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

We noted certain matters that we reported to management of the District in a separate letter dated December 12, 2025.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 12, 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
Vista Unified School District
Vista, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Vista 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.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 12, 2025



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

To the Governing Board
Vista Unified School District
Vista, California

Report on Compliance

Opinion on State Compliance

We have audited Vista 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

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
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	Yes
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	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform 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.



Rancho Cucamonga, California
December 12, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Vista Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
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

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 21st Century Community Learning Centers (CCLC): ESSER III State Reserve Summer Learning Programs	84.425U
COVID-19 ESSER III State Reserve Summer Learning Programs	84.425U
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A
Adult Education: Adult Basic Education & ELA	84.002A
Adult Secondary Education	84.002
English Literacy & Civics Education	84.002A
Dollar threshold used to distinguish between type A and type B programs	\$1,089,694
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 reported	No
Type of auditor's report issued on compliance for programs	Unmodified

The following findings represent a significant deficiency and a material weakness related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

2025-001 30000 – Adjustments and Financial Statement Preparation (Material Weakness)

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls 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 adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

The District's beginning net position of the governmental activities and beginning fund balance of the General Fund was overstated as a result of an overstatement of receivables of \$4,208,224. Additionally, audit adjustments were required to ensure the financial statements were materially stated. Adjustments were made to cash and receivables in the Cafeteria Fund, resulting in a net overstatement of \$1,395,830.

Context

The condition was identified as a result of reviewing the District's unaudited actuals, general ledger detail, and supporting documents for the related account balances as well as inquiry with District personnel.

Cause

The cause appears to be a deficiency in the District's internal control and review system as it was not able to prevent the misstatements to the financial statements, as well as inadequate review processes related to the preparation of the District's year-end financial statements.

Effect

Due to the conditions identified, the beginning fund balance in the General Fund was misstated by \$4,208,224 and the ending fund balance in the Cafeteria Fund was overstated by \$1,395,830.

Repeat Finding

Yes, see prior year finding 2024-001.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process and implement a process to review all balances during its year-end closing process to determine the proper cut-off period. In addition, a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

While closing our financials for the 2024-2025 year, the district realized that some of its restricted resources from prior years had been overstated or misrepresented. We performed an extensive review of all related financial records and made the adjustments necessary to bring the accounts back to proper levels and to ensure that the cash reconciliation is correct and matches the General Ledger. We have established a more comprehensive year-round monitoring process for the individual grants to align with the optimized timeline for closing the books.

2025-002 30000 – Bank Reconciliations (Significant Deficiency)**Criteria**

Management is responsible for the design, implementation, and maintenance of internal controls related to bank reconciliations. Such controls should ensure that reconciliations are prepared and reviewed, by an individual independent of the reconciliation process, in a timely manner, revolving accounts are reconciled to the imprest amount, and stale dated activity on the revolving account reconciliation is investigated.

Condition

The District has a clearing account for the Cafeteria Fund that is being treated as a revolving account; the account has an imprest amount that should be reconciled to as a result. The District does not have procedures in place to reconcile the account to the imprest balance. This could lead to unreconciled activity related to the child nutrition claims that are deposited into the account.

Context

The condition was identified through inquiry with District personnel and also through review of available District records related to the bank reconciliations.

Cause

The cause of the condition identified appears to be due to turnover and a lack of understanding regarding the reconciliation to the imprest amount on the account.

Effect

Cafeteria Fund cash and/or accounts receivable could be misstated due to lack of adherence to procedures over bank reconciliations.

Repeat Finding

No.

Recommendation

Corrective Action Plan and Views of Responsible Officials

The District has implemented a new process for all bank deposits and reconciliations starting 2025-2026. All deposits are being processed and recorded through our system of record, using the 9120 Object code (Cash in Local Bank) to offset the revenue account. Furthermore, all Cafeteria Fund deposits will be handled as individual deposits and no longer be combined, creating a clear distinction between State and Federal revenues. reimbursements. For an additional level of checks and balances, a separate spreadsheet has been created to record each monthly reimbursement amount and reconciled with our financial system.

Bank Reconciliations will be completed and reviewed monthly, to ensure that the cash reconciliation is correct and matches the General Ledger.

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 financial statement findings.

Financial Statements Findings

2024-001 30000 – Internal Controls over Financial Reporting (Material Weakness)

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries necessary to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of the audit, we noted that audit adjustments were required to ensure the financial statements were materially stated. Adjustments were required to cash, receivables, and inventory.

Context

The conditions were identified as a result of our audit of the account balances as of June 30, 2024. During our review of available District records and audit procedures performed related to the various account balances, the errors were identified.

Cause

The cause of the misstatements appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements.

Effect

The effect of the errors noted resulted in a net decrease to fund balance of the aggregate remaining funds of \$536,739.

Recommendation

A thorough review of the District's financial statements, including all closing entries should take place before the financial statements are finalized by the District's business department.

Current Status

Not implemented, see current year finding 2025-001.

State Compliance Findings

2024-002 40000 - After/Before School Education and Safety Program

Criteria

According to the California *Education Code* Section 8483a(2) related to the after-school program, it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Additionally, according to the California *Education Code* Section 8483.1a(2) related to the before-school program, it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the late arrival policy. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Condition

While verifying the total students served in the after-school program at Casita Elementary, Hannalei Elementary and Roosevelt Middle School for the month of November 2023, the auditor noted instances where students were signed out early without documenting the reason for early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy. A total of 36 students did not have a documented reason for early release across the three sites tested.

Additionally, while verifying the total students served in the after-school program at Hannalei Elementary for the month of November 2023, the auditor noted instances where the District miscalculated the number of students in attendance. A total of 7 students identified on the sign-in/sign-out sheets were not counted by the District. The District reported less students than identified on their sign-in/sign-out sheets.

While verifying the total students served in the before-school program at Bobier Elementary, Grapvine Elementary, and Maryland Elementary for the month of November 2023, the auditor noted instances where students were signed out early without documenting the reason for early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy. A total of 62 students did not have a documented reason for early release across the three sites tested.

Additionally, while verifying the total students served in the before-school program at Bobier Elementary for the month of November 2023, the auditor noted instances where the District miscalculated the number of students in attendance. A total of 4 students identified on the sign-in/sign-out sheets were not counted by the District. The District reported less students than identified on their sign-in/sign-out sheets.

Additionally, when verifying the total number of students served reported to the California Department of Education (CDE) for the 1st Half of the Fiscal year (July 2023-December 2023), the auditor noted discrepancies from site attendance calculations to the CDE reporting numbers. The total attendance counts for Casita Elementary's after-school program for the 1st half of the Fiscal year was 5,377 students served, however the site reported 5,321 students served to the CDE. The total attendance counts for Hannalei Elementary's after-school program for the 1st half of the Fiscal year was 5,502 students served, however the site reported 5,498 students served to the CDE.

Effect

The District was not compliant with *Education Code* Sections 8483a(2) and 8483.1a(2) for the 2023-2024 fiscal year since pupil attendance documentation was not maintained to support the total reported pupil attendance counts and amounts reported to CDE did not reconcile to attendance records.

Cause

The cause of the conditions for both the after and before school programs appears to be a result of parents failing to record an early release code on the sign-out sheet when checking their children out of the program, and site personnel not adjusting the reported numbers for students with undocumented early release. There also appears to be a lack of sign-out sheet review procedures to verify the count is accurate.

Additionally, there appears to be a lack of appropriate review procedures to verify that attendance information recorded by site personnel reconciles to the amounts reported to CDE.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Recommendation

We recommend the District to verify that all after-school and before-school program personnel are aware of documentation requirements related to pupil attendance and continue to enforce its early release/late arrival policy by communicating with parents the importance of documenting the reason for early release/late arrival. Also, prior to submission of attendance information to the State, the District should ensure the totals reported only include students who attended the full program time or properly documented their reason for not attending a full day. An individual from the District should review daily and monthly attendance numbers to verify that accurate information is being sent to the State for reporting.

Current Status

Implemented.

2024-003 40000 – Expanded Learning Opportunities Grant (ELO-G)

Criteria

California *Education Code* Section 43522 requires the District to use at least 85 percent of its apportionment for expenditures related to providing in-person services allowable to subdivision (b). These expenditures are required to be utilized for the purpose of closing learning gaps and addressing barriers to learning.

Condition

The District charged expenses that did not meet the required in person instruction criteria in the amount of \$59,727. The expenses were related to landscaping and construction and not for any of the purposes specified in *Education Code* Section 435322(b).

Effect

The District is not in compliance with California *Education Code* Section 43522.

Cause

The District used Expanded Learning Opportunity Grant funds for landscaping and construction in order to create outdoor learning spaces at various sites. There seemed to be a misunderstanding of California *Education Code* Section 43522(b)(4) regarding learning hubs. The District deemed it reasonable to allocate funds for the construction and landscaping of such learning centers.

Questioned Costs

As a result of the condition identified above, a total of \$59,727 in questioned costs were identified.

Recommendation

The District should review all program expenditures throughout the year to ensure funds are only allocated to allowable expenditures.

Current Status

Implemented.



Management
Vista Unified School District
Vista, California

In planning and performing our audit of the financial statements of Vista Unified School District (the District) for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 12, 2025, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Madison Middle School

Observations

1. Based on the review of the cash receipting procedures, it was noted that four receipts tested were not deposited in a timely manner. The delay between the receipts and deposits ranged from 9-106 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. During review of cash collection procedures, there was no evidence that cash collected was counted by two individuals on the deposit count sheets.
3. Based on review of the cash disbursement procedures, it was noted that six of seven disbursements tested were not approved prior to transactions taking place. Additionally, one disbursement did not contain three signatures of approval. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. The ASB should ensure that cash counting procedures are established to prevent misappropriation of cash or inaccurate balances recorded in the ledger.
3. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases. Additionally, all required signatures should be obtained prior to the transaction taking place.

Observations

1. Based on the review of the cash receipting procedures, it was noted that eight receipts tested were not deposited in a timely manner. The delay between the receipts and deposits ranged from 9-16 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. During review of cash collection procedures for the student store, it was noted that student store deposit count sheets did not contain explicit indication that a count was performed by two individuals.
3. In reviewing the cash disbursement procedures, noted that 3 of 25 disbursements were not approved prior to processing, 2 of 25 lacked a purchase request form, and 1 of 25 exceeded the preapproved purchase request amount. These issues increase the risk of overspending or unallowable expenditures.
4. Based on the review of the disbursement procedures, it was noted that 2 of 25 disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.
5. Based on the review of the October and November 2024 bank reconciliations, it was noted that the reconciliations were not completed and reviewed in a timely manner. The completion and review for the reconciliations were not completed until April 2025. This could result in errors and discrepancies not being identified and addressed.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.
2. Student store deposit count sheets should indicate the individuals who are counting cash received through the student store and each individual should sign and date the count sheet once completed.
3. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
4. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
5. Timely and accurate bank account reconciliations and review are prudent and necessary. To ensure proper internal controls over bank reconciliations, the site should prepare and review bank reconciliations within two weeks of receiving the bank statement.

We will review the status of the current year comments during our next audit engagement.



Rancho Cucamonga, California
December 12, 2025