

PIEDMONT UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2025**



PIEDMONT UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Piedmont Unified School District
Piedmont, California

Report on the Audit of the Financial Statements***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Piedmont Unified School District, as of June 30, 2025, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Piedmont Unified School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter***Change in Accounting Principle***

As described in Note 1 to the financial statements, the Piedmont Unified School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is 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.

Responsibilities of Management for the Financial Statements (continued)

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 Piedmont Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Piedmont Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 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 January 5, 2026 on our consideration of the Piedmont Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Piedmont Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piedmont Unified School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc".

San Diego, California
January 5, 2026

PIEDMONT UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

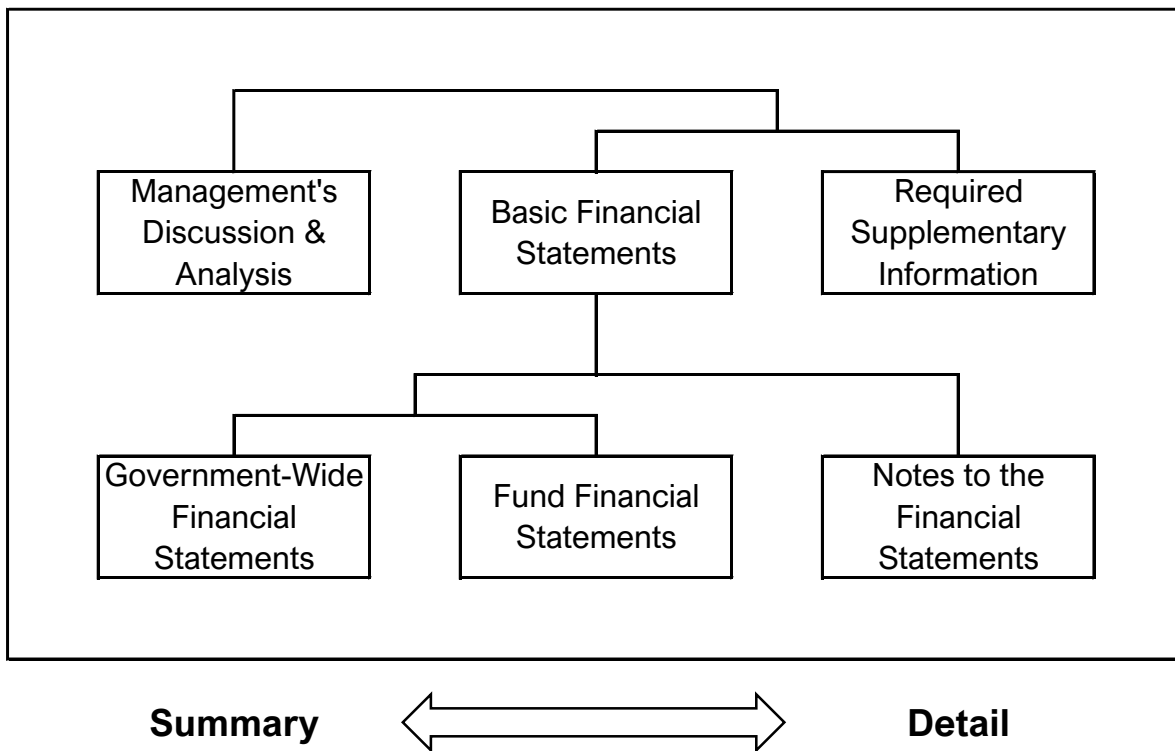
Our discussion and analysis of Piedmont Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$(9,124,303) at June 30, 2025. This was an increase of \$6,070,015 from the prior year, after restatement.
- Overall revenues were \$64,494,113 which exceeded expenses of \$58,424,098.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**PIEDMONT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding, state grants and local parcel taxes finance most of these activities.

**PIEDMONT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$(9,124,303) at June 30, 2025, as reflected in the table below. Of this amount, \$(28,848,431) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 35,535,111	\$ 34,563,734	\$ 971,377
Capital assets	131,834,227	131,738,986	95,241
Total Assets	167,369,338	166,302,720	1,066,618
DEFERRED OUTFLOWS OF RESOURCES	15,203,357	18,064,055	(2,860,698)
LIABILITIES			
Current liabilities	18,071,128	7,451,197	10,619,931
Long-term liabilities	166,565,520	178,256,471	(11,690,951)
Total Liabilities	184,636,648	185,707,668	(1,071,020)
DEFERRED INFLOWS OF RESOURCES	7,060,350	4,109,633	2,950,717
NET POSITION			
Net investment in capital assets	3,133,024	1,076,274	2,056,750
Restricted	16,591,104	17,483,467	(892,363)
Unrestricted	(28,848,431)	(24,010,267)	(4,838,164)
Total Net Position	\$ (9,124,303)	\$ (5,450,526)	\$ (3,673,777)

**PIEDMONT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 485,096	\$ 456,172	\$ 28,924
Operating grants and contributions	7,649,042	8,343,212	(694,170)
Capital grants and contributions	116,921	9,522,966	(9,406,045)
General revenues			
Property taxes	38,681,963	37,483,350	1,198,613
Unrestricted federal and state aid	10,870,281	10,931,535	(61,254)
Other	6,690,810	5,475,338	1,215,472
Total Revenues	64,494,113	72,212,573	(7,718,460)
EXPENSES			
Instruction	31,035,437	31,682,362	(646,925)
Instruction-related services	6,428,606	7,977,247	(1,548,641)
Pupil services	5,726,827	5,473,588	253,239
General administration	4,180,682	4,678,966	(498,284)
Plant services	5,352,960	5,053,614	299,346
Ancillary services	1,344,328	1,353,108	(8,780)
Debt service	4,355,258	4,050,207	305,051
Other outgo	-	48,200	(48,200)
Total Expenses	58,424,098	60,317,292	(1,893,194)
Change in net position	6,070,015	11,895,281	(5,825,266)
Net Position - Beginning, as Restated*	(15,194,318)	(17,345,807)	2,151,489
Net Position - Ending	\$ (9,124,303)	\$ (5,450,526)	\$ (3,673,777)

**Beginning net position was restated for the 2025 year only related to GASB 101 implementation.*

The cost of all our governmental activities this year was \$58,424,098 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$38,681,963 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**PIEDMONT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. 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.

	Net Cost of Services	
	2025	2024
Instruction	\$ 28,490,730	\$ 18,644,157
Instruction-related services	6,176,096	7,554,023
Pupil services	3,805,999	3,874,498
General administration	4,142,775	4,660,322
Plant services	5,073,874	5,038,833
Ancillary services	949,779	895,991
Debt service	4,355,258	4,050,207
Transfers to other agencies	(2,821,472)	(2,723,089)
Total	\$ 50,173,039	\$ 41,994,942

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$23,864,185, which is more than last year's ending fund balance of \$22,978,564. The District's General Fund had \$1,542,295 more in operating revenues than expenditures for the year ended June 30, 2025. The District's County School Facilities Fund had \$2,798,716 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Bond Interest and Redemption Fund had \$2,104,282 more in operating revenues than expenditures for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**PIEDMONT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025 the District had invested \$131,834,227 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 335,023	\$ 335,023	\$ -
Construction in progress	1,768,651	5,625,383	(3,856,732)
Land improvements	10,112,841	4,383,055	5,729,786
Buildings & improvements	161,862,673	160,522,064	1,340,609
Furniture & equipment	1,304,709	986,638	318,071
Less: Accumulated depreciation	(43,549,670)	(40,113,177)	(3,436,493)
Total	\$ 131,834,227	\$ 131,738,986	\$ 95,241

Long-Term Liabilities

At year-end, the District had \$166,565,520 in long-term liabilities, a decrease of 13.32% from last year, after restatement – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 127,191,727	\$ 128,926,240	\$ (1,734,513)
Lease revenue bonds	2,303,935	2,610,389	(306,454)
Compensated absences*	10,256,803	9,936,592	320,211
Total OPEB liability	6,221,992	6,241,538	(19,546)
Net pension liability	34,474,986	42,366,471	(7,891,485)
Less: current portion of long-term liabilities	(13,883,923)	2,080,967	(15,964,890)
Total	\$ 166,565,520	\$ 192,162,197	\$ (25,596,677)

**Compensated Absences for 2024 was restated in order to record the District's compensated absences in accordance with GASB Statement No. 101 which supersedes GASB Statement No. 16 for the year ended June 30, 2025.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the District's financial condition in the coming year, including continued enrollment declines, uncertain Federal and State revenues, high pension obligations, and a cooling California economy.

Long-Term Declining Enrollment

California's K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

**PIEDMONT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years. Although federal funding is not a large source of District revenue, disruptions will have a ripple effect that will be felt by all Districts in California.

Pension Liabilities and Employer Rates

The District participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Districts must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that districts maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The District's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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 any additional financial information, contact Piedmont Unified School District, Piedmont, California, 94611.

PIEDMONT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 32,005,626
Accounts receivable	3,525,663
Prepaid expenses	3,822
Capital assets:	
Capital assets, not depreciated	2,103,674
Capital assets, net of accumulated depreciation	129,730,553
Total Assets	167,369,338
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	13,281,705
Deferred outflows related to OPEB	887,193
Deferred amount on refunding	1,034,459
Total Deferred Outflows of Resources	15,203,357
LIABILITIES	
Accrued liabilities	3,901,424
Unearned revenue	285,781
Long-term liabilities, current portion	13,883,923
Long-term liabilities, non-current portion	166,565,520
Total Liabilities	184,636,648
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,954,481
Deferred inflows related to OPEB	1,865,869
Deferred amount on refunding	240,000
Total Deferred Inflows of Resources	7,060,350
NET POSITION	
Net investment in capital assets	3,133,024
Restricted:	
Capital projects	3,125,775
Debt service	11,962,107
Educational programs	999,461
Food service	152,948
Associated student body	350,813
Unrestricted	(28,848,431)
Total Net Position	\$ (9,124,303)

The accompanying notes are an integral part of these financial statements.

**PIEDMONT UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					Governmental Activities
Instruction	\$ 31,035,437	\$ -	\$ 2,427,786	\$ 116,921	\$ (28,490,730)
Instruction-related services					
Instructional supervision and administration	1,294,483	-	23,705	-	(1,270,778)
Instructional library, media, and technology	654,263	-	-	-	(654,263)
School site administration	4,479,860	-	228,805	-	(4,251,055)
Pupil services					
Home-to-school transportation	430,702	-	16,470	-	(414,232)
Food services	1,704,898	133,013	1,472,242	-	(99,643)
All other pupil services	3,591,227	-	299,103	-	(3,292,124)
General administration					
Centralized data processing	1,456,336	-	-	-	(1,456,336)
All other general administration	2,724,346	-	37,907	-	(2,686,439)
Plant services	5,352,960	-	279,086	-	(5,073,874)
Ancillary services	1,344,328	352,083	42,466	-	(949,779)
Interest on long-term debt	4,355,258	-	-	-	(4,355,258)
Other outgo	-	-	2,821,472	-	2,821,472
Total Governmental Activities	\$ 58,424,098	\$ 485,096	\$ 7,649,042	\$ 116,921	(50,173,039)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					17,475,749
Property taxes, levied for debt service					6,805,166
Property taxes, levied for other specific purposes					14,401,048
Federal and state aid not restricted for specific purposes					10,870,281
Interest and investment earnings					470,235
Miscellaneous					6,220,575
Subtotal, General Revenue					56,243,054
CHANGE IN NET POSITION					6,070,015
Net Position - Beginning, as Restated					(15,194,318)
Net Position - Ending					\$ (9,124,303)

The accompanying notes are an integral part of these financial statements.

**PIEDMONT UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,544,580	\$ 2,914,908	\$ 13,625,324	\$ 550,814	\$ 22,635,626
Accounts receivable	2,984,846	112,618	223,062	205,137	3,525,663
Due from other funds	83,819	-	-	-	83,819
Prepaid expenditures	3,822	-	-	-	3,822
Total Assets	\$ 8,617,067	\$ 3,027,526	\$ 13,848,386	\$ 755,951	\$ 26,248,930
LIABILITIES					
Accrued liabilities	\$ 1,973,726	\$ 26,426	\$ -	\$ 14,993	\$ 2,015,145
Due to other funds	-	33,819	-	50,000	83,819
Unearned revenue	258,578	-	-	27,203	285,781
Total Liabilities	2,232,304	60,245	-	92,196	2,384,745
FUND BALANCES					
Nonspendable	47,922	-	-	1,500	49,422
Restricted	999,461	2,967,281	13,848,386	662,255	18,477,383
Assigned	1,079,507	-	-	-	1,079,507
Unassigned	4,257,873	-	-	-	4,257,873
Total Fund Balances	6,384,763	2,967,281	13,848,386	663,755	23,864,185
Total Liabilities and Fund Balances	\$ 8,617,067	\$ 3,027,526	\$ 13,848,386	\$ 755,951	\$ 26,248,930

The accompanying notes are an integral part of these financial statements.

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

Total Fund Balance - Governmental Funds \$ 23,864,185

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 175,383,897	
Accumulated depreciation	<u>(43,549,670)</u>	131,834,227

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

794,459

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(1,886,279)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 127,191,727	
Lease revenue bonds	2,303,935	
Compensated absences	10,256,803	
Total OPEB liability	6,221,992	
Net pension liability	<u>34,474,986</u>	(180,449,443)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 13,281,705	
Deferred inflows of resources related to pensions	<u>(4,954,481)</u>	8,327,224

(continued on the next page)

PIEDMONT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION, continued
JUNE 30, 2025

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 887,193	
Deferred inflows of resources related to OPEB	<u>(1,865,869)</u>	(978,676)

Cash and investments:

In governmental funds, payments made to the general obligation bond sinking fund are expensed at the time of payment. In the government wide statements, the general obligation bond sinking fund investment balance increases with each payment until the bonds are paid at maturity.

9,370,000

Total Net Position - Governmental Activities	<u>\$ (9,124,303)</u>
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**PIEDMONT UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 27,362,880	\$ -	\$ -	\$ -	\$ 27,362,880
Federal sources	632,218	-	496,018	265,702	1,393,938
Other state sources	4,293,218	-	21,218	1,276,729	5,591,165
Other local sources	23,375,018	235,823	8,819,545	554,417	32,984,803
Total Revenues	55,663,334	235,823	9,336,781	2,096,848	67,332,786
EXPENDITURES					
Current					
Instruction	32,297,541	-	-	-	32,297,541
Instruction-related services					
Instructional supervision and administration	1,299,245	-	-	-	1,299,245
Instructional library, media, and technology	670,782	-	-	-	670,782
School site administration	4,580,540	-	-	-	4,580,540
Pupil services					
Home-to-school transportation	426,607	-	-	-	426,607
Food services	7,498	-	-	1,706,968	1,714,466
All other pupil services	3,787,237	-	-	-	3,787,237
General administration					
Centralized data processing	1,434,214	-	-	-	1,434,214
All other general administration	2,663,752	-	-	-	2,663,752
Plant services	5,307,111	-	-	-	5,307,111
Facilities acquisition and construction	627,152	2,681,490	-	20,230	3,328,872
Ancillary services	1,019,360	-	-	331,890	1,351,250
Debt service					
Principal	-	306,454	2,710,000	-	3,016,454
Interest and other	-	46,595	4,522,499	-	4,569,094
Total Expenditures	54,121,039	3,034,539	7,232,499	2,059,088	66,447,165
Excess (Deficiency) of Revenues Over Expenditures	1,542,295	(2,798,716)	2,104,282	37,760	885,621
Other Financing Sources (Uses)					
Transfers in	-	-	-	100,000	100,000
Transfers out	(100,000)	-	-	-	(100,000)
Net Financing Sources (Uses)	(100,000)	-	-	100,000	-
NET CHANGE IN FUND BALANCE	1,442,295	(2,798,716)	2,104,282	137,760	885,621
Fund Balance - Beginning	4,942,468	5,765,997	11,744,104	525,995	22,978,564
Fund Balance - Ending	\$ 6,384,763	\$ 2,967,281	\$ 13,848,386	\$ 663,755	\$ 23,864,185

The accompanying notes are an integral part of these financial statements.

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

Net Change in Fund Balances - Governmental Funds \$ 885,621

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	3,531,734	
Depreciation expense:		<u>(3,436,493)</u>	95,241

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

3,016,454

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(79,458)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

8,781

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(320,211)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(30,064)

(continued on the next page)

**PIEDMONT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025**

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

2,209,138

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

284,513

Change in Net Position of Governmental Activities

\$ 6,070,015

**PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of 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.

Fund Financial Statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

County School Facilities Fund: This 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), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be 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: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its 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 results from special revenue funds and the restrictions on their use.

Governmental Funds

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

D. Basis of Accounting – Measurement Focus

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of 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.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets (continued)

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50 Years
Improvements	50 Years
Equipment	5 to 20 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid 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 recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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 obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Postemployment Benefits Other Than Pensions (OPEB) (continued)

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has implemented this Statement as of June 30, 2025.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental		Governmental
	Funds	District-Wide	Activities
Investment in county treasury	\$ 22,076,768	\$ 9,370,000	\$ 31,446,768
Fair value adjustment	151,137	-	151,137
Cash on hand and in banks	362,121	-	362,121
Cash in revolving fund	45,600	-	45,600
Total	\$ 22,635,626	\$ 9,370,000	\$ 32,005,626

B. 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; collateralized mortgage obligations; and the County Investment Pool.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Alameda County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. 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 investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$31,597,905. The average weighted maturity for this pool is 833 days.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

E. 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 investments in the County Treasury are not all required to be rated. As of June 30, 2025, the pooled investments in the County Treasury were not rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, \$125,437 of the District's bank balance was exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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

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

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

	<u>Uncategorized</u>
Investment in county treasury	\$ 31,597,905
Total	<u>\$ 31,597,905</u>

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government					
Categorical aid	\$ 625,353	\$ -	\$ -	\$ 194,049	\$ 819,402
State Government					
Apportionment	1,024,436	-	-	-	1,024,436
Categorical aid	347,781	112,618	-	-	460,399
Lottery	173,073	-	-	-	173,073
Local Government					
Other local sources	814,203	-	223,062	11,088	1,048,353
Total	\$ 2,984,846	\$ 112,618	\$ 223,062	\$ 205,137	\$ 3,525,663

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 335,023	\$ -	\$ -	\$ 335,023
Construction in progress	5,625,383	1,028,886	4,885,618	1,768,651
Total capital assets not being depreciated	5,960,406	1,028,886	4,885,618	2,103,674
Capital assets being depreciated				
Land improvements	4,383,055	5,729,786	-	10,112,841
Buildings & improvements	160,522,064	1,340,609	-	161,862,673
Furniture & equipment	986,638	318,071	-	1,304,709
Total capital assets being depreciated	165,891,757	7,388,466	-	173,280,223
Less: Accumulated depreciation				
Land improvements	1,956,831	121,222	-	2,078,053
Buildings & improvements	37,611,786	3,253,193	-	40,864,979
Furniture & equipment	544,560	62,078	-	606,638
Total accumulated depreciation	40,113,177	3,436,493	-	43,549,670
Total capital assets being depreciated, net	125,778,580	3,951,973	-	129,730,553
Governmental Activities				
Capital Assets, net	\$ 131,738,986	\$ 4,980,859	\$ 4,885,618	\$ 131,834,227

Depreciation expense was charged to the following governmental functions for the year ended June 30, 2025:

Governmental Activities	
Instruction	\$ 2,138,449
Instructional supervision and administration	113,951
Instructional library, media, and technology	52,774
School site administration	284,174
Home-to-school transportation	4,095
Food services	20,414
All other pupil services	196,334
Centralized data processing	112,880
All other general administration	167,339
Plant services	324,683
Ancillary services	21,400
Total	\$ 3,436,493

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

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

	Due To Other Funds	Due From Other Funds	
		General Fund	Total
County School Facilities Fund		\$ 33,819	\$ 33,819
Non-Major Governmental Funds		50,000	50,000
Total		\$ 83,819	\$ 83,819

Due from the Cafeteria Fund to the General Fund for program support.	\$ 50,000
Due from the County School Facilities Fund to the General Fund to reclassify funds for Resource 7710.	33,819
Total	\$ 83,819

B. Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the General Fund transferring \$100,000 to the Non-Major Cafeteria Fund for program support.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 1,434,015	\$ -	\$ 3,357	\$ -	\$ 1,437,372
Construction	-	-	2,063	-	2,063
Vendors payable	493,637	26,426	9,573	-	529,636
Unmatured interest	-	-	-	1,886,279	1,886,279
Due to grantor government	46,074	-	-	-	46,074
Total	\$ 1,973,726	\$ 26,426	\$ 14,993	\$ 1,886,279	\$ 3,901,424

NOTE 7 – UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 8,047	\$ -	\$ 8,047
State categorical sources	97,167	-	97,167
Local sources	153,364	27,203	180,567
Total	\$ 258,578	\$ 27,203	\$ 285,781

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 123,125,000	\$ -	\$ 1,450,000	\$ 121,675,000	\$ 11,695,000
Unamortized premium	5,801,240	-	284,513	5,516,727	324,513
Total general obligation bonds	128,926,240	-	1,734,513	127,191,727	12,019,513
Lease revenue bonds	2,610,389	-	306,454	2,303,935	311,924
Compensated absences*	9,936,592	320,211	-	10,256,803	1,552,486
Total OPEB liability	6,241,538	-	19,546	6,221,992	-
Net pension liability	42,366,471	-	7,891,485	34,474,986	-
Total	\$ 190,081,230	\$ 320,211	\$ 9,951,998	\$ 180,449,443	\$ 13,883,923

*The change in the compensated absences liability is presented as a net change.

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on direct placement-lease revenue bonds are made in the County School Facilities Fund.

A. General Obligation Bonds

The outstanding general obligation bonded debt at June 30, 2025 is:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
2011 Series D QSCB	04/20/2011	05/01/2026	5.75%	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
2015 Refunding	03/10/2015	08/01/2031	2.00% - 5.00%	16,075,000	12,485,000	-	1,030,000	11,455,000
2017 Series 2017A	04/12/2017	08/01/2046	5.00%	26,000,000	21,160,000	-	110,000	21,050,000
2017 Refunding	04/12/2017	08/01/2034	3.125% - 5.00%	16,775,000	16,775,000	-	-	16,775,000
2017B Crossover Refunding	12/21/2017	08/01/2041	3.00% - 4.00%	27,000,000	27,000,000	-	-	27,000,000
2016 Series 2019	08/27/2019	08/01/2049	3.00% - 5.00%	30,000,000	26,215,000	-	170,000	26,045,000
2016 Series 2021	02/25/2021	08/01/2046	2.00% - 5.00%	10,000,000	9,490,000	-	140,000	9,350,000
					\$ 123,125,000	\$ -	\$ 1,450,000	\$ 121,675,000

The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 11,695,000	\$ 4,449,469	\$ 16,144,469
2027	1,960,000	3,802,394	5,762,394
2028	3,715,000	3,696,219	7,411,219
2029	4,205,000	3,541,869	7,746,869
2030	28,490,000	14,766,251	43,256,251
2031 - 2035	25,510,000	9,487,768	34,997,768
2036 - 2040	24,935,000	5,232,896	30,167,896
2041 - 2045	18,055,000	1,795,527	19,850,527
2046 - 2050	3,110,000	46,650	3,156,650
Total	\$ 121,675,000	\$ 46,819,043	\$ 168,494,043

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Direct Placement – Lease Revenue Bonds

The lease revenue bonds were executed and delivered pursuant to a Lease agreement dated as of February 1, 2022, by and between Piedmont Unified School District and the Public Property Financing Corporation of California, to lease certain real property and facilities of the District. These were issued in the amount of \$3,200,000 with an interest rate of 1.785% and mature on February 1, 2032. The annual requirements to amortize the direct placement lease revenue bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 311,924	\$ 41,125	\$ 353,049
2027	317,492	35,557	353,049
2028	323,159	29,890	353,049
2029	328,928	24,122	353,050
2030	334,799	18,250	353,049
2031 - 2032	687,633	18,466	706,099
Total	\$ 2,303,935	\$ 167,410	\$ 2,471,345

C. Compensated Absences

Restated beginning total unpaid employee compensated absences was \$9,936,592 and increased by a net amount of \$320,211 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$10,256,803. This amount is included as part of long-term liabilities in the government-wide financial statements.

D. Other Postemployment Benefits

The District's beginning total OPEB liability was \$6,241,538 and decreased by \$19,546 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was \$6,221,992. See Note 10 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$42,366,471 and decreased by \$7,891,485 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$34,474,986. See Note 11 for additional information regarding the net pension liability.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 44,100	\$ -	\$ -	\$ 1,500	\$ 45,600
Prepaid expenditures	3,822	-	-	-	3,822
Total non-spendable	47,922	-	-	1,500	49,422
Restricted					
Educational programs	999,461	-	-	-	999,461
Food service	-	-	-	152,948	152,948
Associated student body	-	-	-	350,813	350,813
Capital projects	-	2,967,281	-	158,494	3,125,775
Debt service	-	-	13,848,386	-	13,848,386
Total restricted	999,461	2,967,281	13,848,386	662,255	18,477,383
Assigned					
Other assignments	1,079,507	-	-	-	1,079,507
Total assigned	1,079,507	-	-	-	1,079,507
Unassigned	4,257,873	-	-	-	4,257,873
Total	\$ 6,384,763	\$ 2,967,281	\$ 13,848,386	\$ 663,755	\$ 23,864,185

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance 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.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Piedmont Unified School District's defined benefit OPEB plan, Piedmont Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	Certificated*	Classified**	Management***
Benefit types provided	Medical and dental	Medical and dental	Medical and dental
Duration of Benefits	5 years but not beyond Medicare age****	5 years but not beyond Medicare age****	5 years but not beyond Medicare age****
Required Service	10 years	15 years	10 years
Minimum Age	55	55	55
Dependent Coverage	No*	No*	No*
District Contribution %	Based on FTE	100%	100% for 0.5 FTE or greater; less than 0.5 FTE pro-rated
District Cap*****	\$6,500	\$6500 (some exceptions)	\$6,500

*Certificated retirees hired prior to 7/1/01 may receive \$100 per month toward the cost of Medicare Supplement coverage if

**Classified retirees hired prior to 7/1/89 receive lifetime coverage based on the District cap 2 years prior to their retirement

***Management retirees hired prior to 7/1/01 may receive \$150 per month toward Medicare Supplement coverage

****Those retired prior to 7/1/14 not limited to 5 years

*****The District Cap is assumed to remain frozen in all future years.

C. Contributions

For the measurement period, the District contributed \$320,446 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	131
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	297
Total number of participants**	428

*Information not provided

**As of the June 30, 2023 valuation date

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Piedmont Unified School District's total OPEB liability of \$6,221,992 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period.

Economic assumptions:

Inflation	2.50%
Discount rate	3.93%
Salary increases	2.75%
Healthcare cost trend rates	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Mortality for Miscellaneous and Schools Employees

Retirement rates:

Certificated Management & Certificated	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified & Classified Management	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for Schools Employees

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2023.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed seventeen years.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 264,623
Interest on total OPEB liability	225,727
Difference between expected and actual experience	(58,652)
Changes of assumptions	(130,798)
Benefits payments	(320,446)
Net change in total OPEB liability	(19,546)
Total OPEB liability - beginning	6,241,538
Total OPEB liability - ending	<u>\$ 6,221,992</u>

Covered-employee payroll N/A*

District's total OPEB liability as a percentage of
covered-employee payroll N/A*

*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.

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

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(2.93%)	(3.93%)	(4.93%)
Total OPEB liability	\$ 6,672,565	\$ 6,221,992	\$ 5,836,756

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(3.00%)	(4.00%)	(5.00%)
Total OPEB liability	\$ 5,910,516	\$ 6,221,992	\$ 6,572,832

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

For the year ended June 30, 2025, the Piedmont Unified School District recognized OPEB expense of \$333,609. At June 30, 2025, the Piedmont Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 161,857	\$ 873,202
Changes in assumptions	421,791	992,667
District contributions subsequent to the measurement date	303,545	-
Total	<u>\$ 887,193</u>	<u>\$ 1,865,869</u>

The \$303,545 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 229,074	\$ 385,815
2027	229,066	385,815
2028	124,166	377,788
2029	355	357,047
2030	355	212,187
Thereafter	632	147,217
Total	<u>\$ 583,648</u>	<u>\$ 1,865,869</u>

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
CalSTRS Pension	\$ 20,799,377	\$ 8,357,171	\$ 4,853,694	\$ 2,448,199
CalPERS Pension	13,675,609	4,924,534	100,787	1,575,421
Total	<u>\$ 34,474,986</u>	<u>\$ 13,281,705</u>	<u>\$ 4,954,481</u>	<u>\$ 4,023,620</u>

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$4,087,010 for the year ended June 30, 2025.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,926,902 to CalSTRS.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and 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:

District's proportionate share of the net pension liability	\$	20,799,377
State's proportionate share of the net pension liability associated with the District		9,542,972
Total	\$	30,342,349

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.031 percent, which decreased 0.004 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$2,448,199. In addition, the District recognized pension expense and revenue of \$(911,771) 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 83,925
Differences between expected and actual experience	2,352,677	909,545
Changes in assumptions	91,047	1,420,525
Changes in proportion and differences between District contributions and proportionate share of contributions	1,826,437	2,439,699
District contributions subsequent to the measurement date	4,087,010	-
Total	\$ 8,357,171	\$ 4,853,694

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

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

The \$4,087,010 reported as 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 year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 907,028	\$ 2,334,596
2027	1,013,164	(731,173)
2028	983,681	1,023,004
2029	788,727	968,187
2030	442,850	1,021,550
2031	134,711	237,530
Total	<u>\$ 4,270,161</u>	<u>\$ 4,853,694</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Growth	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

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

*Real return is net of assumed 2.75% inflation.

Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 36,995,286	\$ 20,799,377	\$ 7,275,121

Pension Plan Fiduciary Net Position

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

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were \$2,145,748 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$13,675,609 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.038 percent, which decreased 0.006 percent from its proportion measured as of June 30, 2023.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,575,421. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 531,218	\$ -
Differences between expected and actual experience	1,146,500	97,876
Changes in assumptions	302,277	-
Changes in proportion and differences between District contributions and proportionate share of contributions	798,791	2,911
District contributions subsequent to the measurement date	2,145,748	-
Total	<u>\$ 4,924,534</u>	<u>\$ 100,787</u>

The \$2,145,748 reported as 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 year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 1,450,777	\$ 100,787
2027	1,310,717	-
2028	185,379	-
2029	(168,087)	-
Total	<u>\$ 2,778,786</u>	<u>\$ 100,787</u>

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+-years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 20,315,231	\$ 13,675,609	\$ 8,190,752

Pension Plan Fiduciary Net Position

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

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. 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.

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of \$491,067.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Alameda County Schools Insurance Group (ACSIG), public entity risk pool. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for workers compensation and property liability coverages are paid to ACSIG. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

The District participates as a board member on the governing board of ACSIG.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2025, total deferred outflows related to refunding was \$1,034,459 and total deferred inflows related to refunding was \$240,000.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was \$13,281,705 and total deferred inflows related to pensions was \$4,954,481.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$887,193 and total deferred inflows related to other postemployment benefits was \$1,865,869.

REQUIRED SUPPLEMENTARY INFORMATION

**PIEDMONT UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 26,612,087	\$ 27,370,695	\$ 27,362,880	\$ (7,815)
Federal sources	628,160	638,634	632,218	(6,416)
Other state sources	3,759,299	3,870,680	3,831,737	(38,943)
Other local sources	20,942,506	22,150,625	22,978,878	828,253
Total Revenues	51,942,052	54,030,634	54,805,713	775,079
EXPENDITURES				
Certificated salaries	21,942,055	21,785,149	21,854,362	(69,213)
Classified salaries	7,833,890	7,875,297	8,071,632	(196,335)
Employee benefits	14,228,138	14,462,561	14,065,462	397,099
Books and supplies	1,265,338	2,049,436	1,642,014	407,422
Services and other operating expenditures	6,616,214	7,694,987	6,928,388	766,599
Capital outlay	213,306	586,142	599,272	(13,130)
Other outgo				
Transfers of indirect costs	(20,240)	(21,689)	(19,557)	(2,132)
Total Expenditures	52,078,701	54,431,883	53,141,573	1,290,310
Excess (Deficiency) of Revenues				
Over Expenditures	(136,649)	(401,249)	1,664,140	2,065,389
Other Financing Sources (Uses)				
Transfers in	8,500	8,500	8,500	-
Transfers out	(155,000)	(155,000)	(210,000)	(55,000)
Net Financing Sources (Uses)	(146,500)	(146,500)	(201,500)	(55,000)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	4,527,289	4,527,289	4,527,289	-
Fund Balance - Ending	\$ 4,244,140	\$ 3,979,540	\$ 5,989,929	\$ 2,010,389

*Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, Deferred Maintenance Fund, and Special Reserve Fund for Other than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.

PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 264,623	\$ 236,549	\$ 286,212	\$ 303,301	\$ 242,328	\$ 238,650	\$ 243,037	\$ 236,532
Interest on total OPEB liability	225,727	225,514	153,466	192,274	269,120	257,122	261,793	238,886
Difference between expected and actual experience	(58,652)	(283,772)	(28,457)	(1,076,270)	(69,830)	647,449	-	-
Changes of assumptions	(130,798)	3,117	(771,233)	(641,168)	990,523	191,767	(192,365)	-
Benefits payments	(320,446)	(376,664)	(358,443)	(437,666)	(440,512)	(379,014)	(426,142)	(409,752)
Net change in total OPEB liability	(19,546)	(195,256)	(718,455)	(1,659,529)	991,629	955,974	(113,677)	65,666
Total OPEB liability - beginning	6,241,538	6,436,794	7,155,249	8,814,778	7,823,149	6,867,175	6,980,852	6,915,186
Total OPEB liability - ending	<u>\$ 6,221,992</u>	<u>\$ 6,241,538</u>	<u>\$ 6,436,794</u>	<u>\$ 7,155,249</u>	<u>\$ 8,814,778</u>	<u>\$ 7,823,149</u>	<u>\$ 6,867,175</u>	<u>\$ 6,980,852</u>
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

*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.

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.031%	0.035%	0.035%	0.035%	0.034%	0.033%	0.033%	0.034%	0.034%	0.037%
District's proportionate share of the net pension liability	\$ 20,799,377	\$ 26,419,583	\$ 24,059,777	\$ 16,085,635	\$ 32,534,237	\$ 30,180,577	\$ 30,628,046	\$ 31,365,687	\$ 27,718,731	\$ 25,023,490
State's proportionate share of the net pension liability associated with the District	9,542,972	12,658,594	12,049,207	8,093,836	16,771,403	16,465,520	17,535,989	18,555,675	15,779,779	13,234,668
Total	\$ 30,342,349	\$ 39,078,177	\$ 36,108,984	\$ 24,179,471	\$ 49,305,640	\$ 46,646,097	\$ 48,164,035	\$ 49,921,362	\$ 43,498,510	\$ 38,258,158
District's covered payroll	\$ 21,071,246	\$ 21,380,141	\$ 20,838,133	\$ 19,578,334	\$ 18,439,322	\$ 18,277,807	\$ 17,817,221	\$ 17,682,472	\$ 17,019,823	\$ 15,329,223
District's proportionate share of the net pension liability as a percentage of its covered payroll	98.71%	123.57%	115.46%	82.16%	176.44%	165.12%	171.90%	177.38%	162.86%	163.24%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.038%	0.044%	0.044%	0.039%	0.039%	0.040%	0.043%	0.043%	0.044%	0.046%
District's proportionate share of the net pension liability	\$ 13,675,609	\$ 15,946,888	\$ 15,060,028	\$ 7,933,956	\$ 11,886,343	\$ 11,586,393	\$ 11,356,219	\$ 10,298,363	\$ 8,682,037	\$ 6,705,041
District's covered payroll	\$ 7,614,505	\$ 7,706,151	\$ 7,000,666	\$ 5,744,899	\$ 5,576,528	\$ 5,224,842	\$ 5,604,468	\$ 5,408,432	\$ 5,255,541	\$ 4,936,259
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.60%	206.94%	215.12%	138.10%	213.15%	221.76%	202.63%	190.41%	165.20%	135.83%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 4,087,010	\$ 4,024,608	\$ 4,001,701	\$ 3,305,382	\$ 3,161,901	\$ 3,153,124	\$ 2,975,627	\$ 2,571,025	\$ 2,224,455	\$ 1,826,227
Contributions in relation to the contractually required contribution*	(4,087,010)	(4,024,608)	(4,001,701)	(3,305,382)	(3,161,901)	(3,153,124)	(2,975,627)	(2,571,025)	(2,224,455)	(1,826,227)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 21,402,129	\$ 21,071,246	\$ 21,380,141	\$ 20,838,133	\$ 19,578,334	\$ 18,439,322	\$ 18,277,807	\$ 17,817,221	\$ 17,682,472	\$ 17,019,823
Contributions as a percentage of covered payroll	19.10%	19.10%	18.72%	15.86%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

*Amounts do not include on-behalf contributions

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 2,145,748	\$ 2,031,550	\$ 1,934,667	\$ 1,556,707	\$ 1,189,194	\$ 1,099,747	\$ 943,711	\$ 870,430	\$ 751,123	\$ 622,624
Contributions in relation to the contractually required contribution*	(2,145,748)	(2,031,550)	(1,934,667)	(1,556,707)	(1,189,194)	(1,099,747)	(943,711)	(870,430)	(751,123)	(622,624)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,035,360	\$ 7,614,505	\$ 7,706,151	\$ 7,000,666	\$ 5,744,899	\$ 5,576,528	\$ 5,224,842	\$ 5,604,468	\$ 5,408,432	\$ 5,255,541
Contributions as a percentage of covered payroll	26.70%	26.68%	25.11%	22.24%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios and the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate changed to 3.93% from 3.65% in the previous valuation.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS or CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS or CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 21,785,149	\$ 21,854,362	\$ 69,213
Classified salaries	\$ 7,875,297	\$ 8,071,632	\$ 196,335
Capital outlay	\$ 586,142	\$ 599,272	\$ 13,130
Other outgo			
Transfers of indirect costs	\$ (21,689)	\$ (19,557)	\$ 2,132

SUPPLEMENTARY INFORMATION

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 18,176
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	23,371
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	553,302
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	28,114
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	9,252
Subtotal Special Education Cluster			<u>590,668</u>
Total U. S. Department of Education			<u>632,215</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster [1]			
School Breakfast Program - Basic	10.553	13525	51,846
National School Lunch Program	10.555	13391	134,883
USDA Commodities [2]	10.555	*	78,973
Subtotal Child Nutrition Cluster			<u>265,702</u>
Total U. S. Department of Agriculture			<u>265,702</u>
Total Federal Expenditures			<u>\$ 897,917</u>

[1] - Major Program

[2] - In-Kind Contribution

* - Pass-Through Entity Identifying Number not available or not applicable

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	698.29	700.37
Extended Year Special Education	1.46	1.46
Extended Year Special Education - Nonpublic Schools	0.14	0.14
Total TK/K through Third	<u>699.89</u>	<u>701.97</u>
Fourth through Sixth		
Regular ADA	524.57	523.93
Extended Year Special Education	0.89	0.89
Special Education - Nonpublic Schools	1.87	1.96
Total Fourth through Sixth	<u>527.33</u>	<u>526.78</u>
Seventh through Eighth		
Regular ADA	367.19	367.26
Extended Year Special Education	0.33	0.33
Special Education - Nonpublic Schools	0.92	0.96
Extended Year Special Education - Nonpublic Schools	0.14	0.14
Total Seventh through Eighth	<u>368.58</u>	<u>368.69</u>
Ninth through Twelfth		
Regular ADA	764.16	759.52
Extended Year Special Education	0.51	0.51
Special Education - Nonpublic Schools	4.58	4.77
Extended Year Special Education - Nonpublic Schools	0.60	0.60
Total Ninth through Twelfth	<u>769.85</u>	<u>765.40</u>
TOTAL SCHOOL DISTRICT	<u>2,365.65</u>	<u>2,362.84</u>

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	Actual Instructional Minutes	Number of Days	Status
Kindergarten	36,000	50,145	180	Complied
Grade 1	50,400	52,980	180	Complied
Grade 2	50,400	52,980	180	Complied
Grade 3	50,400	52,980	180	Complied
Grade 4	54,000	54,645	180	Complied
Grade 5	54,000	54,645	180	Complied
Grade 6	54,000	59,929	180	Complied
Grade 7	54,000	59,929	180	Complied
Grade 8	54,000	59,929	180	Complied
Grade 9	64,800	65,035	180	Complied
Grade 10	64,800	65,035	180	Complied
Grade 11	64,800	65,035	180	Complied
Grade 12	64,800	65,035	180	Complied

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 56,663,338	\$ 54,814,213	\$ 52,704,002	\$ 52,680,647
Expenditures And Other Financing Uses	56,044,648	53,351,573	51,725,990	54,019,667
Net change in Fund Balance	\$ 618,690	\$ 1,462,640	\$ 978,012	\$ (1,339,020)
Ending Fund Balance	\$ 6,608,619	\$ 5,989,929	\$ 4,527,289	\$ 3,549,277
Available Reserves*	\$ 5,285,568	\$ 4,257,873	\$ 1,840,428	\$ 2,012,787
Available Reserves As A Percentage Of Outgo	9.43%	7.98%	3.56%	3.73%
Long-term Liabilities	\$ 166,565,520	\$ 180,449,443	\$ 180,337,438	\$ 203,222,892
Average Daily Attendance At P-2	2,387	2,366	2,223	2,213

The General Fund ending fund balance has increased by \$2,440,652 over the past two years. The fiscal year 2025-26 budget projects an further increase of \$618,690. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2025-26 fiscal year. Total long-term obligations have decreased by \$22,773,449 over the past two years.

Average daily attendance has increased by 153 ADA over the past two years. A further increase of 21 ADA is anticipated during the 2025-26 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, Deferred Maintenance Fund, and Special Reserve Fund for Other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**PIEDMONT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2025, annual financial and budget report fund balance	\$ 5,989,929	\$ 124,933	\$ 163,216	\$ 106,685
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fund balance transfer (GASB 54)	394,834	(124,933)	(163,216)	(106,685)
Net adjustments and reclassifications	394,834	(124,933)	(163,216)	(106,685)
June 30, 2025, audited financial statement fund balance	<u>\$ 6,384,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PIEDMONT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025**

There are no charter schools within the District's boundaries.

PIEDMONT UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025

	Student Activity Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS				
Cash and investments	\$ 357,867	\$ 33,642	\$ 159,305	\$ 550,814
Accounts receivable	3,203	200,682	1,252	205,137
Total Assets	\$ 361,070	\$ 234,324	\$ 160,557	\$ 755,951
LIABILITIES				
Accrued liabilities	\$ 8,757	\$ 4,173	\$ 2,063	\$ 14,993
Due to other funds	-	50,000	-	50,000
Unearned revenue	-	27,203	-	27,203
Total Liabilities	8,757	81,376	2,063	92,196
FUND BALANCES				
Non-spendable	1,500	-	-	1,500
Restricted	350,813	152,948	158,494	662,255
Total Fund Balances	352,313	152,948	158,494	663,755
Total Liabilities and Fund Balances	\$ 361,070	\$ 234,324	\$ 160,557	\$ 755,951

See accompanying note to supplementary information.

**PIEDMONT UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	Student Activity Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES				
Federal sources	\$ -	\$ 265,702	\$ -	\$ 265,702
Other state sources	-	1,276,729	-	1,276,729
Other local sources	404,257	139,346	10,814	554,417
Total Revenues	<u>404,257</u>	<u>1,681,777</u>	<u>10,814</u>	<u>2,096,848</u>
EXPENDITURES				
Current				
Pupil services				
Food services	-	1,706,968	-	1,706,968
Facilities acquisition and construction	-	-	20,230	20,230
Ancillary services	331,890	-	-	331,890
Total Expenditures	<u>331,890</u>	<u>1,706,968</u>	<u>20,230</u>	<u>2,059,088</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>72,367</u>	<u>(25,191)</u>	<u>(9,416)</u>	<u>37,760</u>
Other Financing Sources (Uses)				
Transfers in	-	100,000	-	100,000
Net Financing Sources (Uses)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	<u>72,367</u>	<u>74,809</u>	<u>(9,416)</u>	<u>137,760</u>
Fund Balance - Beginning	<u>279,946</u>	<u>78,139</u>	<u>167,910</u>	<u>525,995</u>
Fund Balance - Ending	<u>\$ 352,313</u>	<u>\$ 152,948</u>	<u>\$ 158,494</u>	<u>\$ 663,755</u>

See accompanying note to supplementary information.

**PIEDMONT UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2025 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2025.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 1,393,938
Federal Interest Subsidy	*	<u>(496,021)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 897,917</u>

* - AL Number not applicable

The District has not elected to use the de minimis indirect cost rate of up to 15 percent.

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 article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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.

**PIEDMONT UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

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.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

OTHER INFORMATION

**PIEDMONT UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

The Piedmont Unified School District was established on July 1, 1936 and consists of an area comprising approximately 1.7 square miles located in Alameda County. There were no changes in the boundaries of the District during the current year. The District operates three elementary schools, one middle school, one high school, one alternative high school, and an adult school.

GOVERNING BOARD

Member	Office	Term Expires
Lindsay Thomasson	President	2026
Ruchi Medhekar	Vice President	2026
Michael Malione	Member	2028
Max Roman	Member	2028
Susy Struble	Member	2028

DISTRICT ADMINISTRATORS

Jennifer Hawn, Ed.D.
Superintendent

Ruth Alahydoian
Chief Business Officer

Ariel Dolowich
*Assistant Superintendent,
Educational Services*

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Governing Board
Piedmont Unified School District
Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Piedmont Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Piedmont Unified School District's basic financial statements, and have issued our report thereon dated January 5, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
January 5, 2026

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Piedmont Unified School District
Piedmont, California

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

We have audited Piedmont Unified School District's 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 Piedmont Unified School District's major federal programs for the year ended June 30, 2025. Piedmont Unified School 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, Piedmont Unified School District complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 Piedmont Unified School 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Piedmont Unified School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Piedmont Unified School District's federal programs.

Auditor's Responsibilities for the Audit for 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 Piedmont Unified School 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Piedmont Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 Piedmont Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Piedmont Unified School 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 Piedmont Unified School 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 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.

Report on Internal Control Over Compliance (continued)

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 blue ink that reads "Christy White, Inc". The signature is cursive and fluid.

San Diego, California
January 5, 2026

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Piedmont Unified School District
Piedmont, California

Report on State Compliance***Opinion on State Compliance***

We have audited Piedmont Unified School District's 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 Piedmont Unified School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, Piedmont Unified School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Piedmont Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Piedmont Unified School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Piedmont Unified School District's state programs.

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Piedmont Unified School 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide 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 Piedmont Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 Piedmont Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Piedmont Unified School 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Piedmont Unified School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Piedmont Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	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 total ADA reported did not exceed materiality thresholds..

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2025-001 and #2025-002. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Piedmont Unified School District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Piedmont Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 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 State Compliance section 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California
January 5, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PIEDMONT UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$</u>	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**PIEDMONT UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2025.

**PIEDMONT UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

**PIEDMONT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2025-001 – Expanded Learning Opportunities Program (ELOP) (4000)

Criteria: Education Code (EC) Section 46120 establishes requirements for school districts operating an Expanded Learning Opportunities Program (ELOP). These requirements include:

- Providing in-person before or after school services every school day to ensure a total school day of no less than nine hours (EC §46120(b)(1)(A));
- Offering a minimum of 30 non-school days of expanded learning opportunities annually, with each non-school day providing no less than nine hours of in-person services (EC §46120(b)(1)(B));
- Developing, approving, and adopting an ELOP plan by the governing board, with documentation maintained (EC §46120(2)(A)–(B)).

Condition:

During our audit, we noted that the District did not fully comply with the ELOP requirements. Specifically:

- The District did not provide any in-person before or after school services on regular school days and therefore did not meet the required total school day of at least nine hours.
- The District provided only 19 of the 30 required non-school days of expanded learning opportunities.
- The District was unable to provide documentation demonstrating that the ELOP plan was fully developed, approved, and adopted by the governing board.

Cause: The District has not implemented adequate oversight and monitoring procedures to ensure all operational and documentation requirements of the ELOP are met.

Effect: Failure to comply with EC Section 46120 places the District at risk of noncompliance with state program requirements and may impact future funding or eligibility.

Questioned Costs: The fiscal impact is \$83,370 owed by the District, as calculated on the following page.

**PIEDMONT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2025-001 – Expanded Learning Opportunities Program (ELOP) (4000) (continued)

Item Number	Calculating the Cost of ELO-P Audit Finding	Instructions	School District Data Input and Calculated Fields
1	LEA Funding Rate	Select Rate 1, Rate 2, or N/A under the applicable column for a school district or a charter school from the LEA's ELO-P P-2 funding exhibit, Line C-4.	Rate 2
2	ELO-P Entitlement Calculation based on Rate 1 or Rate 2	Enter entitlement amount from the LEA's ELO-P P-2 funding exhibit, Line C-8.	\$90,936
3	Section A - Offering and Access Total Classroom-Based Enrollment, Grades TK/K-6	Section A - Offering and Access: Enter Total Classroom-Based Enrollment, Grades TK/K-6. (Note: LEAs eligible for funding based on Rate 1 are required to offer the ELO-P to all pupils in classroom-based instructional programs in grades TK/K-6, and provide access to any pupil whose parent or guardian requests their placement in the program.)	2,455
4	Total Classroom-Based UPC, Grades TK/K-6	Enter Total Classroom-Based UPC, Grades TK/K-6	121
5	Students Eligible for ELO-P Offering and Access (Rate 1 = Item Number 3, Rate 2 = Item Number 4)	Calculated field	121
6	Number of Eligible Students Not Offered and Provided Access to ELO-P	Enter the number of students the LEA either failed to offer or provide access to ELO-P pursuant to EC 46120(b)(1) and (c)(2). If the LEA met the offering and access requirements, enter zero (0).	0
7	Proportional Penalty Factor	Calculated field	0.000000
8	ELO-P Offering and Access Penalty [EC 46120(c)(2)]	Calculated field	\$0
9	Section B - Days Instructional Days	Section B - Days Enter the number of instructional days	180
10	ELO-P offered on instructional days totaling 9 hours [EC 46120(b)(1)(A)]	Enter the number of instructional days in which ELO-P was operated to meet the 9 hours requirement pursuant to EC 46120(b)(1)(A) or (C)	0
11	Required Intersession ELO-P days	Preload	30
12	Actual ELO-P intersession days totaling 9 hours	Enter the number of actual ELO-P intersession days totaling 9 hours pursuant to EC 46120(b)(1)(B) or (C)	19
13	ELO-P days short	Calculated field	191
14	Penalty Factor	Preload [EC 46120(c)(3)]	0.0048
15	Penalty Calculation	Calculated field	\$83,370
16	Total Penalty Total penalty	Calculated field	\$83,370

Repeat Finding: This is not a repeat finding.

**PIEDMONT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2025-001 – Expanded Learning Opportunities Program (ELOP) (4000) (continued)

Recommendation:

The District should establish and implement procedures to ensure full compliance with EC Section 46120 requirements. Specifically, the District should:

- Adjust daily program scheduling to ensure in-person before or after school services are provided every school day for a total school day of at least nine hours.
- Expand the program calendar to provide at least 30 non-school days of programming, each offering a minimum of nine hours of in-person expanded learning opportunities.
- Ensure the ELOP plan is properly developed, approved, and adopted by the governing board, with all supporting documentation retained for audit purposes.

Corrective Action Plan: The District continues to work toward developing a compliant ELOP program. The non-school day program has been expanded, including programming during Thanksgiving break, February break and Spring break, in addition to Summer. For the before and/or after school requirements, the increased funding for ELOP in 2025-26 will allow the District to devote resources to develop a plan to take to the School Board that could include partnering with the parent-led After School Enrichment programs at each elementary and with the City of Piedmont's School Mates program. We expect this finding to be repeated, in part, in 2025-26, but with progress being made to become compliant by 2026-27.

FINDING #2025-002: INSTRUCTIONAL MATERIALS (70000)

Criteria: Per Education Code Section 60119(b), the District must provide a 10-day notice for public hearing related to instructional materials.

Condition: The District did not post a notice of public hearing, including the purpose and time of the hearing. Only a board meeting agenda was posted prior to the public hearing.

Cause: Administrative oversight related to the posting of the notice of public hearing.

Effect: The District is not in compliance with California Education Code Section 60119(b).

Questioned Costs: None. Based on an LEA advisory from the California State Controller dated October 1, 2014, the requirements are verified for compliance only and a finding does not result in disallowance of funds.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District ensure the public hearing is posted at least 10 days prior to the public hearing to adopt the resolution on sufficiency of textbooks and instructional materials.

Corrective Action Plan: The distinction between posting the board meeting agenda with the public hearing on the agenda and a compliant posting of the public hearing has been reviewed. The public hearing regarding sufficiency of instructional materials was properly noticed in 2025-26.

**PIEDMONT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings or questioned costs for the year ended June 30, 2024.