

**ROSS SCHOOL DISTRICT
COUNTY OF MARIN
ROSS, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2025

ROSS SCHOOL DISTRICT

JUNE 30, 2025

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ROSS SCHOOL DISTRICT

JUNE 30, 2025

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Ross School District
Ross, California

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Deferred Maintenance Fund	Unmodified
Bond Interest and Redemption Fund	Unmodified
QSCB Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Discretely Presented Component Unit

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

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

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

Report on the Audit of the Financial Statements (Concluded)

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ross 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 based on the financial statements.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ross 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 Ross 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

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of the proportionate share of the net pension liabilities, and schedules of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ross School District's basic financial statements. The accompanying combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of Ross 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 Ross 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 Ross School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

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

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 24, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- The District maintained its Basic Aid Status during fiscal year 2024-25, as the amount of annual local tax revenues received by the District exceeded its Total LCFF Entitlement before the adjustment for the Minimum State Aid Guarantee.
- The District's overall financial status improved during the course of the year, as total net position increased 18.6%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$2,195,397.
- Capital assets, net of depreciation, decreased \$398,317, due to the current year addition of new capital assets valued at \$413,149, and the current year recognition of \$811,466 depreciation expense.
- Total long-term liabilities decreased \$2,488,449 due primarily to the current year reduction of the District's general obligation debt and a decrease in the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 Average Daily Attendance (ADA) decreased from 334 ADA in 2023-24, down to 323 ADA in 2024-25, a decrease of 3%.
- During fiscal year 2024-25, the District's General Fund produced an operating surplus of \$432,823 and reported a \$464,705 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2024-25, General Fund expenditures and other financing uses totaled \$10,855,784. At June 30, 2025, the District had available reserves of \$3,982,716 in the General Fund, which represents a reserve of 36.7%.

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
 - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

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

Reporting the District as a Whole

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

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

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

The basic services provided by the District, such as regular education, special education, and administration are included here, and are primarily financed by property taxes and state formula aid. Non-basic services are also included here but are financed by a combination of local revenues and state and federal programs.

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District's Most Significant Funds

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

Governmental Funds:

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

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's total net position increased from \$11,783,888 at June 30, 2024, up to \$13,979,285 at June 30, 2025, an increase of 18.6%.

<u>Comparative Statement of Net Position</u>		
	Governmental Activities	
	2024	2025
<u>Assets</u>		
Deposits and Investments	\$ 10,281,609	\$ 11,452,512
Receivables	699,362	214,039
Prepaid Expenses	12,578	3,519
Capital Assets, net	26,892,551	26,494,234
Total Assets	37,886,100	38,164,304
<u>Deferred Outflows of Resources</u>		
OPEB Deferrals	959,829	812,698
Pension Deferrals	2,690,008	2,661,324
Bond Refunding	159,175	134,518
Total Deferred Outflows of Resources	3,649,837	3,608,540
<u>Liabilities</u>		
Current	2,182,586	2,117,664
Long-Term	26,001,578	23,429,456
Total Liabilities	28,184,164	25,547,120
<u>Deferred Inflows of Resources</u>		
OPEB Deferrals	612,228	893,942
Pension Deferrals	1,114,832	1,352,497
Total Deferred Inflows of Resources	1,727,060	2,246,439
<u>Net Position</u>		
Net Investment in Capital Assets	11,609,658	11,901,574
Restricted	3,448,959	4,334,735
Unrestricted (Deficit)	(3,274,729)	(2,257,024)
Total Net Position	\$ 11,783,888	\$ 13,979,285
<i>Table includes financial data of the combined governmental funds</i>		

The unrestricted deficit balances are due primarily to the fact that the District is required to record a liability in its financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$2,195,397.

<u>Comparative Statement of Changes in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2025</u>
<u>Program Revenues</u>		
Operating Grants & Contributions	\$ 1,385,281	\$ 1,113,818
<u>General Revenues</u>		
Taxes Levied	9,414,996	9,856,439
Federal & State Aid	381,670	378,440
Interest & Investment Earnings	417,020	399,500
Transfers from Other Agencies	19,495	19,610
Miscellaneous	1,994,124	1,823,138
Total Revenues	<u>13,612,586</u>	<u>13,590,945</u>
<u>Expenses</u>		
Instruction	6,790,449	6,593,060
Instruction-Related Services	1,615,249	1,479,368
Pupil Services	903,534	841,047
General Administration	1,434,983	1,122,753
Plant Services	1,053,709	878,532
Ancillary Services	22,215	16,075
Interest on Long-Term Debt	475,511	424,940
Other Outgo	51,589	39,773
Total Expenses	<u>12,347,239</u>	<u>11,395,548</u>
Changes in Net Position	<u>\$ 1,265,347</u>	<u>\$ 2,195,397</u>
<i>Table includes financial data of the combined governmental funds</i>		

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

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

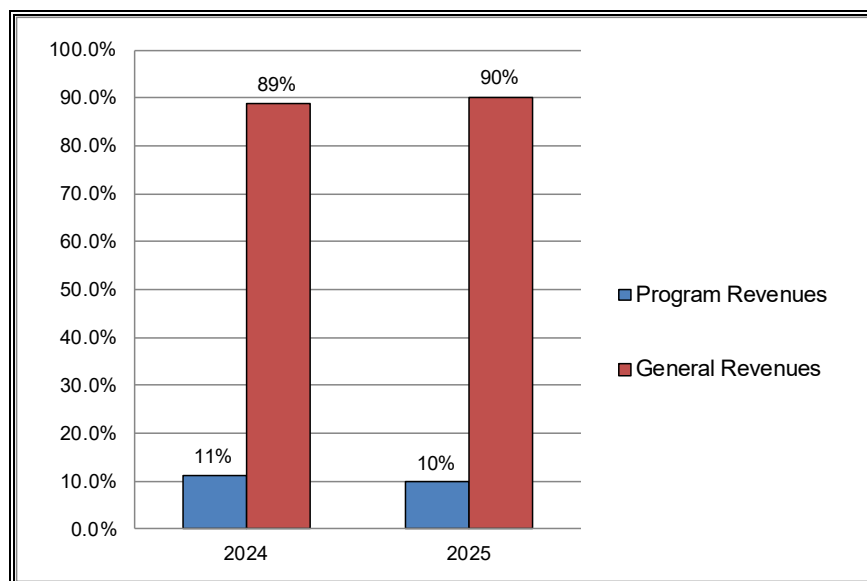
GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2024	2025	2024	2025
Instruction	\$ 6,790,449	\$ 6,593,060	\$ 5,858,964	\$ 5,830,773
Instruction-Related Services	1,615,249	1,479,368	1,408,191	1,341,274
Pupil Services	903,534	841,047	710,268	665,515
General Administration	1,434,983	1,122,753	1,412,950	1,107,526
Plant Services	1,053,709	878,532	1,046,907	870,929
Ancillary Services	22,215	16,075	16,450	13,181
Interest on Long-Term Debt	475,511	424,940	475,511	424,940
Other Outgo	51,589	39,773	32,717	27,592
Totals	<u>\$ 12,347,239</u>	<u>\$ 11,395,548</u>	<u>\$ 10,961,958</u>	<u>\$ 10,281,730</u>

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$10,281,730 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



Program revenues financed 10% of the total cost of providing the services listed above, while the remaining 90% was financed by the general revenues of the District.

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**
(PREPARED BY DISTRICT MANAGEMENT)

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

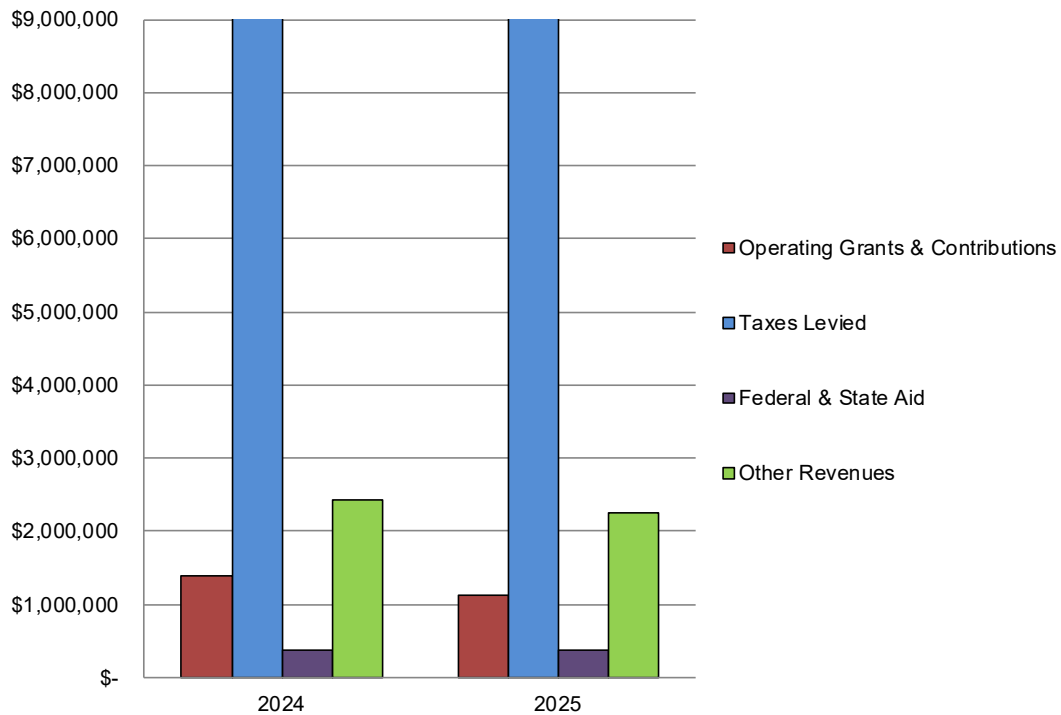
GOVERNMENTAL ACTIVITIES (CONTINUED)

Summary of Revenues For Governmental Functions

	<u>FYE 2024 Amount</u>	<u>Percent of Total</u>	<u>FYE 2025 Amount</u>	<u>Percent of Total</u>
<u>Program Revenues</u>				
Operating Grants & Contributions	\$ 1,385,281	10.18%	\$ 1,113,818	8.20%
<u>General Revenues</u>				
Taxes Levied	9,414,996	69.16%	9,856,439	72.52%
Federal & State Aid	381,670	2.80%	378,440	2.78%
Other Revenues	<u>2,430,639</u>	<u>17.86%</u>	<u>2,242,248</u>	<u>16.50%</u>
Total Revenues	<u>\$ 13,612,586</u>	<u>100.00%</u>	<u>\$ 13,590,945</u>	<u>100.00%</u>

Table includes financial data of the combined governmental funds

Comparative Revenues



**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

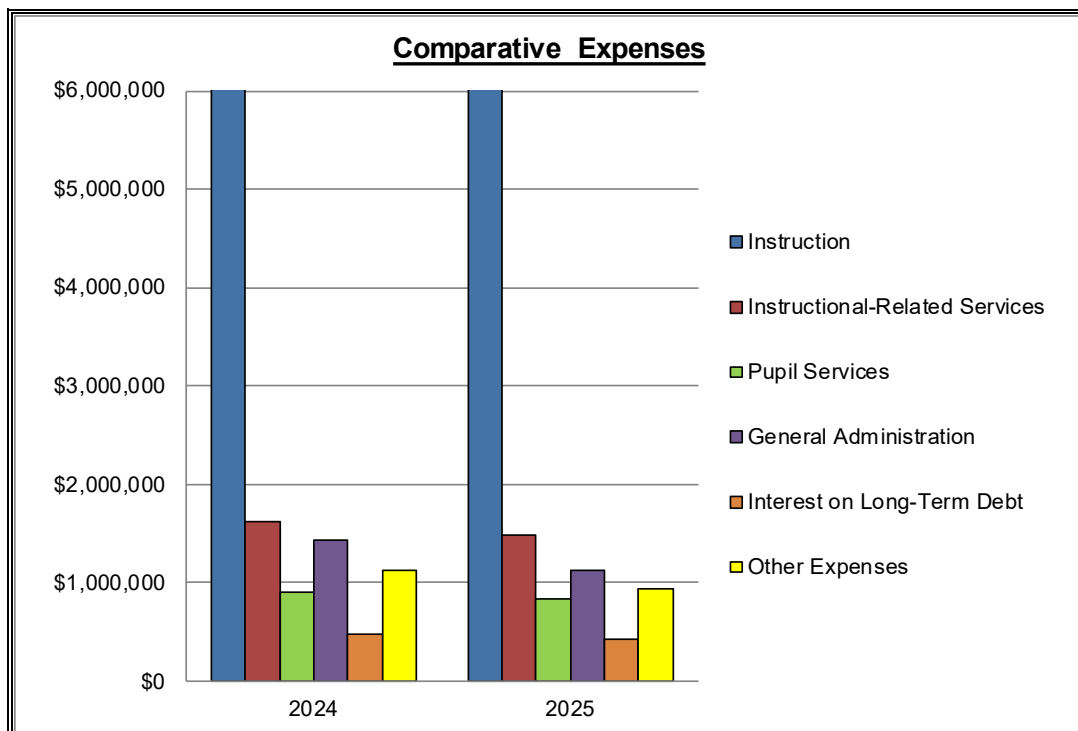
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses For Governmental Functions

	<u>FYE 2024 Amount</u>	<u>Percent of Total</u>	<u>FYE 2025 Amount</u>	<u>Percent of Total</u>
<u>Expenses</u>				
Instruction	\$ 6,790,449	55.00%	\$ 6,593,060	57.86%
Instruction-Related Services	1,615,249	13.08%	1,479,368	12.98%
Pupil Services	903,534	7.32%	841,047	7.38%
General Administration	1,434,983	11.62%	1,122,753	9.85%
Interest on Long-Term Debt	475,511	3.85%	424,940	3.73%
Other Expenses	1,127,513	9.13%	934,380	8.20%
Total Expenses	<u>\$ 12,347,239</u>	<u>100.00%</u>	<u>\$ 11,395,548</u>	<u>100.00%</u>

Table includes financial data of the combined governmental funds



**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<u>Comparative Schedule of Capital Assets</u>		
	Governmental Activities	
	2024	2025
Land	\$ 206,174	\$ 206,174
Sites and Improvements	588,679	589,513
Buildings and Improvements	36,300,214	36,300,214
Furniture and Equipment	256,893	285,446
Construction-in-Progress	103,637	487,399
Subtotals	37,455,597	37,868,746
Less: Accumulated Depreciation	(10,563,046)	(11,374,512)
Capital Assets, net	<u>\$ 26,892,551</u>	<u>\$ 26,494,234</u>

Capital assets, net of depreciation, decreased \$398,317, due to the current year addition of new capital assets valued at \$413,149, and the current year recognition of \$811,466 depreciation expense.

<u>Comparative Schedule of Long-Term Liabilities</u>		
	Governmental Activities	
	2024	2025
Compensated Absences	\$ 6,720	\$ 0
Qualified School Construction Bonds	2,850,000	2,850,000
General Obligation Bonds	13,724,061	12,501,500
Total OPEB Liability	3,044,328	2,735,292
Net Pension Liability - CalSTRS	5,129,515	4,542,013
Net Pension Liability - CalPERS	2,529,559	2,166,929
Totals	<u>\$ 27,284,183</u>	<u>\$ 24,795,734</u>

Total long-term liabilities decreased \$2,488,449 due primarily to the current year reduction of the District's general obligation debt and a decrease in the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONCLUDED)

The qualified school construction bonds and general obligation bonds are financed by local taxpayers and represent 62% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on its current debt issues.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

<u>Comparative Schedule of Fund Balances</u>			
	Fund Balances June 30, 2024	Fund Balances June 30, 2025	Increase (Decrease)
General	\$ 5,260,898	\$ 5,693,721	\$ 432,823
Deferred Maintenance	919,835	827,547	(92,288)
Bond Interest & Redemption	1,537,865	1,647,062	109,197
QSCB Debt Service	2,505,664	2,865,321	359,657
Cafeteria	348	2,465	2,117
Capital Facilities	32,826	43,233	10,407
Totals	<u>\$ 10,257,436</u>	<u>\$ 11,079,349</u>	<u>\$ 821,913</u>

During fiscal year 2024-25, the fund balance of the General Fund increased \$432,823 and the combined fund balances of all other governmental funds increased \$389,090.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures, and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. The significant budget adjustments fell into the following categories:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Adjustments at First and Second Interim.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

**ROSS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(PREPARED BY DISTRICT MANAGEMENT)

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Chief Business Official at Ross School District at (415) 457-2705.

ROSS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
<u>Assets</u>	
Current Assets:	
Deposits and Investments (Note 2)	\$ 11,452,512
Receivables (Note 3)	214,039
Prepaid Expenses (Note 1H)	3,519
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	693,573
Capital Assets, Net	25,800,661
Total Assets	38,164,304
<u>Deferred Outflows of Resources</u>	
OPEB Deferrals (Note 8)	812,698
Pension Deferrals (Note 9)	2,661,324
Bond Refunding	134,518
Total Deferred Outflows of Resources	3,608,540
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	590,721
Accrued Interest Payable	160,665
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
General Obligation Bonds	
Current Interest	240,000
Capital Appreciation	1,045,393
Bond Premium	80,885
<i>Portion Due or Payable After One Year:</i>	
Qualified School Construction Bonds (Note 6)	2,850,000
General Obligation Bonds (Note 7)	
Current Interest	10,645,000
Bond Premium	490,222
Total OPEB Liability (Note 8)	2,735,292
Net Pension Liabilities (Note 9)	6,708,942
Total Liabilities	25,547,120
<u>Deferred Inflows of Resources</u>	
OPEB Deferrals (Note 8)	893,942
Pension Deferrals (Note 9)	1,352,497
Total Deferred Inflows of Resources	2,246,439
<u>Net Position</u>	
Net Investment in Capital Assets	11,901,574
Restricted:	
For Capital Projects	42,719
For Debt Service	3,707,823
For Educational Programs	475,045
For Other Purposes	109,148
Unrestricted (Deficit)	(2,257,024)
Total Net Position	\$ 13,979,285

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ROSS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<u>Governmental Activities</u>					
Instruction	\$ 6,593,060		\$ 762,287		\$ (5,830,773)
Instruction-Related Services:					
Supervision of Instruction	125,483		30,697		(94,786)
Instructional Library and Technology	620,778		89,137		(531,641)
School Site Administration	733,107		18,260		(714,847)
Pupil Services:					
Home-to-School Transportation	125,292		14,525		(110,767)
Food Services	151,401		106,053		(45,348)
Other Pupil Services	564,354		54,954		(509,400)
General Administration:					
Data Processing Services	26,669				(26,669)
Other General Administration	1,096,084		15,227		(1,080,857)
Plant Services	878,532		7,603		(870,929)
Ancillary Services	16,075		2,894		(13,181)
Interest on Long-Term Debt	424,940				(424,940)
Other Outgo	39,773		12,181		(27,592)
Total Governmental Activities	<u>\$ 11,395,548</u>	<u>\$ 0</u>	<u>\$ 1,113,818</u>	<u>\$ 0</u>	<u>(10,281,730)</u>
<u>General Revenues</u>					
Taxes Levied for General Purposes					6,570,706
Taxes Levied for Debt Service					1,951,059
Taxes Levied for Specific Purposes					1,334,674
Federal and State Aid - Unrestricted					378,440
Interest and Investment Earnings					399,500
Transfers from Other Agencies					19,610
Miscellaneous					1,823,138
Total General Revenues					<u>12,477,127</u>
Change in Net Position					2,195,397
Net Position - July 1, 2024					<u>11,783,888</u>
Net Position - June 30, 2025					\$ 13,979,285

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ROSS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>General</u>	<u>Deferred Maintenance</u>
<u>Assets</u>		
Deposits and Investments (Note 2)	\$ 6,031,654	\$ 855,277
Receivables (Note 3)	191,178	
Due from Other Funds (Note 4)	30,000	50,000
Prepaid Expenditures (Note 1H)	3,519	
	<u>6,256,351</u>	<u>905,277</u>
Total Assets	<u>\$ 6,256,351</u>	<u>\$ 905,277</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 512,630	\$ 77,730
Due to Other Funds (Note 4)	50,000	
	<u>562,630</u>	<u>77,730</u>
Total Liabilities	<u>562,630</u>	<u>77,730</u>
Fund Balances: (Note 12)		
Nonspendable	76,432	10,164
Restricted	475,045	
Committed	1,159,528	817,383
Assigned	3,548,484	
Unassigned	434,232	
	<u>5,693,721</u>	<u>827,547</u>
Total Fund Balances	<u>5,693,721</u>	<u>827,547</u>
Total Liabilities and Fund Balances	<u>\$ 6,256,351</u>	<u>\$ 905,277</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Bond Interest and Redemption	QSCB Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,647,062	\$ 2,865,321	\$ 53,198 22,861	\$ 11,452,512 214,039 80,000 3,519
<u>\$ 1,647,062</u>	<u>\$ 2,865,321</u>	<u>\$ 76,059</u>	<u>\$ 11,750,070</u>
		\$ 361 30,000	\$ 590,721 80,000
		<u>30,361</u>	<u>670,721</u>
\$ 19,573 1,627,489	\$ 2,865,321	632 45,066	106,801 5,012,921 1,976,911 3,548,484 434,232
<u>1,647,062</u>	<u>2,865,321</u>	<u>45,698</u>	<u>11,079,349</u>
<u>\$ 1,647,062</u>	<u>\$ 2,865,321</u>	<u>\$ 76,059</u>	<u>\$ 11,750,070</u>

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

Total Fund Balances - Governmental Funds \$ 11,079,349

Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The amount that capital assets exceeded accumulated depreciation was:

Capital Assets	\$ 37,868,746	
Accumulated Depreciation	(11,374,512)	
Net		26,494,234

In governmental funds, any gain or loss that results from debt refunding activities is recognized in the current year. In government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from debt refunding, reported as a deferred outflow of resources, was:

Bond Refunding	134,518
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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 relating to pensions	2,661,324
Deferred inflows of resources relating to pensions	(1,352,497)

Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and 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 pensions and OPEB are reported. Net deferred outflows and inflows are:

(81,244)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Qualified School Construction Bonds	\$ 2,850,000	
General Obligation Bonds:		
Current Interest	10,885,000	
Capital Appreciation	1,045,393	
Bond Premiums	571,107	
Total OPEB Liability	2,735,292	
Net Pension Liabilities	6,708,942	
Total		(24,795,734)

In governmental funds, the unmatured 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 unmatured interest owed at the end of the period was:

(160,665)

Total Net Position - Governmental Activities **\$ 13,979,285**

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

	General	Deferred Maintenance
<u>Revenues</u>		
LCFF Sources:		
State Apportionment / Transfers	\$ 192,774	\$ 50,000
Local Taxes	6,570,706	
Total LCFF Sources	6,763,480	50,000
Federal Revenue	67,049	
State Revenue	665,695	
Local Revenue	3,792,383	41,207
Total Revenues	11,288,607	91,207
<u>Expenditures</u>		
Current:		
Instruction	6,444,635	
Supervision of Instruction	120,512	
Instructional Library and Technology	610,041	
School Site Administration	731,360	
Home-To-School Transportation	115,977	
Food Services		
Other Pupil Services	558,892	
Data Processing Services	24,686	
Other General Administration	1,086,381	
Plant Services	875,221	
Facilities Acquisition and Construction	191,459	183,495
Ancillary Services	16,847	
Other Outgo	39,773	
Debt Service: Principal Retirement		
Debt Service: Interest and Issuance Costs		
Total Expenditures	10,815,784	183,495
Excess of Revenues Over (Under) Expenditures	472,823	(92,288)
<u>Other Financing Sources (Uses)</u>		
Operating Transfers In		
Operating Transfers Out	(40,000)	
Total Other Financing Sources (Uses)	(40,000)	0
Net Change in Fund Balances	432,823	(92,288)
Fund Balances - July 1, 2024	5,260,898	919,835
Fund Balances - June 30, 2025	\$ 5,693,721	\$ 827,547

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Bond Interest and Redemption	QSCB Debt Service	Non-Major Governmental Funds	Total Governmental Funds
			\$ 242,774
			6,570,706
			6,813,480
		\$ 11,607	78,656
\$ 2,350		92,397	760,442
1,981,221	\$ 111,330	12,226	5,938,367
1,983,571	111,330	116,230	13,590,945
			6,444,635
			120,512
			610,041
			731,360
			115,977
		143,706	143,706
			558,892
			24,686
			1,086,381
			875,221
			374,954
			16,847
			39,773
1,195,000			1,195,000
393,997	37,050		431,047
1,588,997	37,050	143,706	12,769,032
394,574	74,280	(27,476)	821,913
	285,377	40,000	325,377
(285,377)			(325,377)
(285,377)	285,377	40,000	0
109,197	359,657	12,524	821,913
1,537,865	2,505,664	33,174	10,257,436
\$ 1,647,062	\$ 2,865,321	\$ 45,698	\$ 11,079,349

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

Net Change in Fund Balances - Governmental Funds	\$ 821,913
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Amounts reported for governmental activities in the statement of activities are different due to the following:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlay Expenditures	\$ 413,149	
Depreciation Expense	<u>(811,466)</u>	
Net		(398,317)

Bond premiums are recognized as Other Financing Sources in the period they are received in governmental funds. In the government-wide statements, premiums are amortized over the life of the debt. Premiums received during the period net of premiums amortized for the period are:

56,228

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

General Obligation Bonds		
Current Interest	\$ 220,000	
Capital Appreciation	<u>975,000</u>	
		1,195,000

Accreted interest: In governmental funds, accreted interest on capital appreciation bonds is recognized as an expenditure in the period that it becomes due. In the government-wide statements, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current period was:

(53,324)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest on long-term liabilities decreased by:

3,203

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

6,720

OPEB and pensions: In government funds, OPEB and pension costs are recognized when employer contributions are made. In the statement of activities, OPEB and pension costs are recognized on the accrual basis. The difference between accrual-basis OPEB and pension costs and actual employer contributions was:

563,974

Change in Net Position of Governmental Activities

\$ 2,195,397

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Ross School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Marin County. The District was established in 1867 and serves students in kindergarten through grade eight.

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

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

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 Foundation was established as a legally separate non-profit entity to support Ross School District. In addition, funds contributed by the Foundation to the District are significant to the District's financial statements. Accordingly, the District has determined that the Ross School Foundation (the Foundation) meets the criteria to be reported as a component unit. However, since districts are not required to submit reporting entity financial statements and since the Foundation is not required to obtain audited financial statements, the financial statements of the District include only the financial data of the primary government, which consists of all funds that comprise the District's legal entity, and all funds for which it has a fiduciary responsibility.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. Eliminations have been made to remove the double-counting of internal activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Government-wide Financial Statements (Concluded):

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate.

District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following fund types:

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects.

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

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

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

Major Governmental Funds:

General Fund is the general operating fund of the District. For financial reporting purposes, the financial activities and balances of the Special Reserve Fund for Postemployment Benefits has been combined with the General Fund.

Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

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

QSCB Debt Service Fund is used to account for the accumulation of resources set aside for future retirement of the outstanding qualified school construction bonds.

Non-major Governmental Funds:

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

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

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

F. Use of Estimates

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

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

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

1. Deposits and Investments

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

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

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Concluded)

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. Capital Assets

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

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	20
Buildings and Improvements	20-50
Furniture and Equipment	5-10

3. Deferred Outflows/Inflows of Resources

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

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Unearned revenue

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

5. Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

6. Pensions

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

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balances

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

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

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

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

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

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditure and revenue shortfalls. In accordance with board policy, the District intends to work towards maintaining a Reserve for Economic Uncertainties of at least 40% of the General Fund's annual total expenditures and other financing uses.

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

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

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

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

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

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

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

	<u>Governmental Activities</u>
Cash in Revolving Fund	\$ 1,250
County Pool Investments	8,585,941
Investments	<u>2,865,321</u>
Totals	<u>\$ 11,452,512</u>

Cash in Revolving Fund

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

County Pool Investments

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

Investments

Investments consist of governmental securities held at Bank of New York Mellon Trust Company and JP Morgan Chase Bank, N.A., as trustees for the District, and are reserved for future retirement of the outstanding qualified school construction bonds. The investment is recorded in the financial statements at fair value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Marin County Investment Pool.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	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 Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Weighted Average Maturity

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

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ 8,585,941	\$ 8,585,941	323

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. County Treasury investments are not required to be rated.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

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 Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

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

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

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	<u>\$ 8,585,941</u>	<u>\$ 8,585,941</u>

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 3 - RECEIVABLES

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

	General Fund	Cafeteria Fund	Totals
Federal Government	\$ 55,482	\$ 2,553	\$ 58,035
State Government	80,916	20,308	101,224
Local Governments	42,816		42,816
Miscellaneous	11,964		11,964
Total	<u>\$ 191,178</u>	<u>\$ 22,861</u>	<u>\$ 214,039</u>

NOTE 4 - INTERFUND ACTIVITIES

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

A. Balances Due From/Due To Other Funds

Balances at June 30, 2025, consisted of the following:

Funds	Interfund Receivables	Interfund Payables
General	\$ 30,000	\$ 50,000
Cafeteria		30,000
Deferred Maintenance	50,000	
Totals	<u>\$ 80,000</u>	<u>\$ 80,000</u>

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

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. The interfund transfer for fiscal year 2024-25 was as follows:

Funds	Operating Transfers In	Operating Transfers Out
General		\$ 40,000
Cafeteria	\$ 40,000	
Bond Interest & Redemption		285,377
QSCB Debt Service	285,377	
Totals	<u>\$ 325,377</u>	<u>\$ 325,377</u>

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

B. Interfund Transfers (Concluded)

Transfer of \$40,000 from General Fund to Cafeteria Fund to supplement the Child Nutrition program.

Transfer of \$285,377 from Bond Interest & Redemption Fund to QSCB Debt Service Fund to provide funds to make debt service payments on the qualified school construction bond.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

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

	Balances June 30, 2024	Additions	Deletions	Balances June 30, 2025
Capital Assets Not Being Depreciated:				
Land	\$ 206,174			\$ 206,174
Construction-in-Progress	103,637	\$ 383,762		487,399
Total Capital Assets Not Being Depreciated	309,811	383,762	\$ 0	693,573
Capital Assets Being Depreciated:				
Sites and Improvements	588,679	834		589,513
Buildings and Improvements	36,300,214			36,300,214
Furniture and Equipment	256,893	28,553		285,446
Total Capital Assets Being Depreciated	37,145,786	29,387	0	37,175,173
Less Accumulated Depreciation:				
Sites and Improvements	74,386	29,476		103,862
Buildings and Improvements	10,376,108	737,497		11,113,605
Furniture and Equipment	112,552	44,493		157,045
Total Accumulated Depreciation	10,563,046	811,466	0	11,374,512
Total Capital Assets Being Depreciated, Net	26,582,740	(782,079)	0	25,800,661
Governmental Activities Capital Assets, Net	<u>\$ 26,892,551</u>	<u>\$ (398,317)</u>	<u>\$ 0</u>	<u>\$ 26,494,234</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 490,167
Instruction-Related Services	109,984
Pupil Services	62,528
General Administration	83,472
Plant Services	65,315
Total	<u>\$ 811,466</u>

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 6 - QUALIFIED SCHOOL CONSTRUCTION BONDS

On May 17, 2010, the District issued \$2,850,000 of Qualified School Construction Bonds (QSCBs), pursuant to an authorization granted by voters of the District on June 3, 2008. The QSCBs are payable from ad valorem taxes imposed upon all property subject to taxation by the District. The QSCBs are tax credit bonds pursuant to Sections 54A and 54F of the Internal Revenue Code. Accordingly, a tax credit equal to 5.47% per annum will be provided to the owner of the QSCBs in lieu of traditional interest payments. In addition, a 1.3% per annum supplemental interest payment will be paid to the owner of the QSCBs quarterly. In accordance with the QSCB purchase agreement, the District is required to make annual sinking fund deposits, which began in May 2010 and will end in March 2027. The amount of the required deposits will be computed on an annual basis to ensure that the required deposit, plus the sinking fund investment earnings, will be sufficient to satisfy the annual sinking fund balance requirements that are specified in the purchase agreement. The financial activity of the sinking fund is reflected in the QSCB Debt Service Fund in these financial statements.

The future debt service requirements and tax credits of the QSCBs, as of June 30, 2025, exclusive of the annual sinking fund deposits, are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	<u>Tax</u> <u>Credit</u>
2026	\$ 0	\$ 37,050	\$ 37,050	\$ 155,895
2027	2,850,000	27,787	2,877,787	155,895
Totals	<u>\$ 2,850,000</u>	<u>\$ 64,837</u>	<u>\$ 2,914,837</u>	<u>\$ 311,790</u>

NOTE 7 - GENERAL OBLIGATION BONDS

The bonds are secured by the full faith and credit of the District. The Board of Supervisors of Marin County are obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the bonds upon all property subject to taxation in the District. The outstanding general obligation debt of the District as of June 30, 2024, exclusive of \$571,107 of unamortized bond premium, is as follows:

A. Current Interest Bonds

<u>Date of</u> <u>Issue</u>	<u>Interest</u> <u>Rate %</u>	<u>Maturity</u> <u>Date</u>	<u>Amount of</u> <u>Original Issue</u>	<u>Outstanding</u> <u>June 30, 2024</u>	<u>Redeemed</u> <u>Current Year</u>	<u>Outstanding</u> <u>June 30, 2025</u>
8/1/14	2.00-4.00	8/1/31	\$ 9,415,000	\$ 8,565,000	\$ 85,000	\$ 8,480,000
11/13/19	3.00-4.00	8/1/33	2,985,000	2,540,000	135,000	2,405,000
Totals			<u>\$ 12,400,000</u>	<u>\$ 11,105,000</u>	<u>\$ 220,000</u>	<u>\$ 10,885,000</u>

The outstanding obligation for current interest bonds at June 30, 2025, is as follows:

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

A. Current Interest Bonds (Concluded)

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 240,000	\$ 385,965	\$ 625,965
2027	1,275,000	356,090	1,631,090
2028	1,415,000	302,290	1,717,290
2029	1,570,000	242,590	1,812,590
2030	1,745,000	183,715	1,928,715
2031-2035	4,640,000	221,360	4,861,360
Totals	<u>\$ 10,885,000</u>	<u>\$ 1,692,010</u>	<u>\$ 12,577,010</u>

B. Capital Appreciation Bonds

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2024</u>	<u>Accreted Interest Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2025</u>
8/1/06	4.27-4.88	8/1/25	<u>\$ 3,999,941</u>	<u>\$ 1,967,069</u>	<u>\$ 53,324</u>	<u>\$ 975,000</u>	<u>\$ 1,045,393</u>

The outstanding obligation for the capital appreciation bonds at June 30, 2025, is as follows:

<u>Year Ended June 30</u>	<u>Amount of Original Issue (Principal)</u>	<u>Accreted Interest</u>	<u>Totals</u>
2026	\$ 421,071	\$ 624,322	\$ 1,045,393
Totals	<u>\$ 421,071</u>	<u>\$ 624,322</u>	<u>\$ 1,045,393</u>

The annual requirements to amortize the capital appreciation bonds at June 30, 2025, is as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 421,071	\$ 628,929	\$ 1,050,000
Totals	<u>\$ 421,071</u>	<u>\$ 628,929</u>	<u>\$ 1,050,000</u>

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description / Benefits Provided

Ross School District's Other Post Employment Benefits Plan (Plan) is a single employer defined benefit healthcare plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No separate financial statements were issued for the plan. The District provides medical, dental, vision, and life insurance coverage to certificated and classified employees who elect to retire after the age of 55 with at least 10 years of service in the District and are eligible for pension benefits from either the California State Teachers' Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS). The District and retirees share in the cost of benefits as follows:

Retirees hired prior to April 1, 1986, (Tier 1) receive 100% District paid health and welfare benefits for life up to the active employee benefit level. Retirees hired on or after April 1, 1986 but on or before June 30, 1999, (Tier 2) receive 100% District paid benefits up to the active benefit level up to age 65, and a 50% benefit reduction at age 65 for the retiree's remaining life. Retirees hired after July 1, 1999 (Tier 3) receive 100% District paid benefits up to the active benefit level until age 65.

Retirees who do not qualify under the previous plan provisions or who exhaust the benefits described above are entitled to statutory minimum contributions subject to the "unequal contribution method."

The retiree is responsible for self-paying 100% of premiums in excess of the District contribution for his/her coverage and is responsible for self-paying 100% of all premiums for uncovered spouses or dependents of any age.

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

Employees covered by benefit terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2024 actuarial valuation, are as follows:

Inactive employees currently receiving benefit payments	31
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>50</u>
Total number of participants	<u><u>81</u></u>

Total OPEB Liability

The District's total OPEB liability of \$2,735,292 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to the measurement dates.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Actuarial Assumptions

The total OPEB liability was determined using a financial reporting actuarial valuation as of June 30, 2024, which used the following actuarial methods and assumptions:

Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age
Inflation	2.50%
Salary Increases	2.75%
Discount Rate *	5.20% per year net of expenses
Healthcare cost trend rates	4.0% per year based on assumption that average increase over time cannot continue to outstrip general inflation by a wide margin

* The discount rate is based on the Bond Buyer 20 Bond Index.

Mortality rates for certificated employees were based on the 2020 *CalSTRS Mortality* table created by CalSTRS. Mortality rates for classified employees were based on the 2021 *CalPERS Mortality for Miscellaneous Employees and School Employees* table created by CalPERS.

Retirement rates for certificated employees were based on the 2020 *CalSTRS Retirement Rates* table created by CalSTRS. Retirement rates for classified employees were based on the 2021 *CalPERS Retirement Rates for School Employees*.

Turnover rates for certificated employees were based on the 2020 *CalSTRS Termination Rates* table created by CalSTRS. Turnover rates for classified employees were based on the 2021 *CalPERS Termination Rates for School Employees* table created by CalPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	<u>\$ 3,044,328</u>
Changes for the year:	
Service cost	119,900
Interest on total OPEB liability	119,613
Changes in assumptions or other inputs	(427,175)
Benefit payments	<u>(121,374)</u>
Net changes	<u>(309,036)</u>
Balance at June 30, 2025	<u><u>\$ 2,735,292</u></u>

There were no changes in benefit terms since the June 30, 2022 valuation.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 5.20%, 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 (4.20%) or one percentage point higher (6.20%) than the current rate:

	Discount Rate 1% Decrease 4.20%	Discount Rate Current Rate 5.20%	Discount Rate 1% Increase 6.20%
District's Total OPEB Liability	\$ 3,067,454	\$ 2,735,292	\$ 2,486,881

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

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

	Healthcare Cost Trend Rate 1% Decrease 3.00%	Healthcare Cost Trend Rate Current Rate 4.00%	Healthcare Cost Trend Rate 1% Increase 5.00%
District's Total OPEB Liability	\$ 2,381,119	\$ 2,735,292	\$ 3,135,205

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$241,183. At June 30, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB, were as follow:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 341,456	\$ 760,730
Differences between expected and actual experience	471,242	133,212
Totals	<u>\$ 812,698</u>	<u>\$ 893,942</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized over the average of the expected remaining active and inactive service lives that were in effect in the year the deferral was recognized, and will be recognized in OPEB expense as follows:

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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

Year Ended June 30	
2026	\$ 1,669
2027	1,669
2028	1,669
2029	(5,382)
2030	(6,165)
Thereafter	(74,704)

NOTE 9 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS). The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements, as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 4,542,013	\$ 1,882,503	\$ 980,812	\$ 854,985
CalPERS	2,166,929	778,821	371,685	224,211
Totals	<u>\$ 6,708,942</u>	<u>\$ 2,661,324</u>	<u>\$ 1,352,497</u>	<u>\$ 1,079,196</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Plan Description (Concluded)

Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Benefits Provided

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

The STRP DB Program has two benefit structures:

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

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

CalSTRS 2% at 60

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

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

CalSTRS 2% at 62

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

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

Contributions

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

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

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

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2024-25 for a total contribution rate of 19.10%. The District contributed \$882,480 to the plan for the fiscal year ended June 30, 2025.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

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

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

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

District's proportionate share of the net pension liability	\$ 4,542,013
State's proportionate share of the net pension liability associated with the District	<u>2,083,891</u>
Total net pension liability attributed to District	<u><u>\$ 6,625,904</u></u>

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

Proportion - June 30, 2024	0.0068%
Proportion - June 30, 2023	<u>0.0067%</u>
Change - Increase (Decrease)	<u><u>0.0001%</u></u>

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$854,985, which includes \$420,764 of support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 882,480	
Differences between expected and actual experience	512,443	\$ 197,885
Changes of assumptions	19,674	310,176
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	467,906	374,624
Net differences between projected and actual earnings on plan investments		98,127
Totals	<u>\$ 1,882,503</u>	<u>\$ 980,812</u>

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

Year Ended June 30	
2026	\$ (310,950)
2027	379,466
2028	(49,865)
2029	(70,207)
2030	89,291
Thereafter	(18,524)

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions

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

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

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

² Net of investment expenses, but gross of administrative expenses.

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

Discount Rate

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

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

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

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

¹ 20- to 30 year geometric average.

² Real rate of return are net of assumed 2.75% inflation.

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

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

	<u>Discount Rate 1% Decrease 6.10%</u>	<u>Discount Rate Current Rate 7.10%</u>	<u>Discount Rate 1% Increase 8.10%</u>
District's proportionate share of the net pension liability	\$ 8,078,755	\$ 4,542,013	\$ 1,588,687

Mortality

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Pension Plan's Fiduciary Net Position

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

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

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

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 27.05% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2025 was \$382,844.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

As of June 30, 2025, the District reported a liability of \$2,166,929 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

Proportion - June 30, 2024	0.0061%
Proportion - June 30, 2023	<u>0.0070%</u>
Change - Increase (Decrease)	<u><u>-0.0009%</u></u>

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$224,211. 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>
District contributions subsequent to the measurement date	\$ 382,844	
Differences between expected and actual experience	193,846	\$ 21,841
Changes of assumptions	67,453	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		349,844
Net differences between projected and actual earnings on plan investments	<u>134,678</u>	
Totals	<u><u>\$ 778,821</u></u>	<u><u>\$ 371,685</u></u>

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

Year Ended June 30	
2026	\$ (22,180)
2027	117,831
2028	(44,725)
2029	(26,634)

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

Actuarial Assumptions

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

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

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return ^{(1), (2)}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100.0%</u>	

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

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

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - RETIREMENT PLANS (CONCLUDED)

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

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

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

	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	\$ 3,218,991	\$ 2,166,929	\$ 1,297,842

Pension Plan Fiduciary Net Position

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

C. Social Security

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

NOTE 10 - LONG-TERM LIABILITIES

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

	Balances July 1, 2024	Additions	Deductions	Balances June 30, 2025	Due within One Year
Long-Term Debt:					
Qualified School Construction Bonds	\$ 2,850,000			\$ 2,850,000	
General Obligation Bonds:					
Current Interest	11,105,000		\$ 220,000	10,885,000	\$ 240,000
Capital Appreciation	1,967,069	\$ 53,324	975,000	1,045,393	1,045,393
Bond Premiums	651,992		80,885	571,107	80,885
Other Long-Term Liabilities:					
Compensated Absences	6,720		6,720	0	
Total OPEB Liability	3,044,328		309,036	2,735,292	
Net Pension Liabilities	7,659,074		950,132	6,708,942	
Totals	\$ 27,284,183	\$ 53,324	\$ 2,541,773	\$ 24,795,734	\$ 1,366,278

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 10 - LONG-TERM LIABILITIES (CONCLUDED)

The qualified school construction bonds and general obligation bonds are obligations of the QSCB Debt Service Fund and Bond Interest & Redemption Fund, respectively. The OPEB and net pension liabilities are primarily obligations of the General Fund.

NOTE 11 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$420,764 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 12 - FUND BALANCES

The fund balances as of June 30, 2025, are as follows:

	General Fund	Deferred Maintenance	Bond Interest and Redemption Fund	QSCB Debt Service Fund	Non-Major Governmental Funds	Totals
Nonspendable:						
Revolving Cash	\$ 1,250					\$ 1,250
Fair Value Adjustment	71,663	\$ 10,164	\$ 19,573		\$ 632	102,032
Prepaid Expenditures	3,519					3,519
Total Nonspendable	76,432	10,164	19,573		632	106,801
Restricted:						
Categorical Programs	130,458				2,347	132,805
Local Programs	344,587					344,587
Debt Service			1,627,489	\$ 2,865,321		4,492,810
Developer Fees					42,719	42,719
Total Restricted	475,045	0	1,627,489	2,865,321	45,066	5,012,921
Committed:						
Other Post Employment Benefits	1,159,528					1,159,528
Deferred Maintenance		817,383			0	817,383
Total Committed	1,159,528	817,383	0	0	0	1,976,911
Assigned:						
Community Funded Reserve	3,548,484					3,548,484
Total Assigned	3,548,484	0	0	0	0	3,548,484
Unassigned:						
Reserve for Economic Uncertainties	434,232					434,232
Total Unassigned	434,232	0	0	0	0	434,232
Total Fund Balances	\$ 5,693,721	\$ 827,547	\$ 1,647,062	\$ 2,865,321	\$ 45,698	\$ 11,079,349

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - ECONOMIC DEPENDENCY

A. Parcel Tax

The Ross School District relies significantly on parcel tax revenues to fund its operations. During fiscal year 2024-25, the District received \$1,334,674 of parcel tax revenues, which represents 11.8% of the District's total General Fund operating revenues. These funds are used to support high quality, innovative academic programs; attract and retain highly qualified teachers; maintain low student-to-teacher ratios; support the visual and performance arts and technology integration; maintain facilities; and offset funding cuts by the State.

The parcel tax is levied annually on properties within the Ross School District, and is subject to voter approval, which was last reaffirmed on November 8, 2022. The current parcel tax authorization is set to expire on June 30, 2033, unless extended or renewed by voters. The Ross School District's financial position and ability to maintain current service levels could be materially adversely affected if the parcel tax is not renewed or if there is a significant reduction in property assessments or collections.

B. Ross School Foundation

The Ross School District relies significantly on revenues contributed by the Ross School Foundation (the Foundation) to fund its operations. During fiscal year 2024-25, the District received \$1,700,000 of contributions from the Foundation, which represents 15% of the District's total General Fund operating revenues. These funds are used to support a variety of specialty classes; differentiated learning opportunities, and funding to employ full-time support staff.

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

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 - JOINT VENTURE

The District participates in a joint venture under a joint powers agreement with Marin Schools Insurance Authority (MSIA) for workers' compensation and property and liability insurance. The relationship between the District and MSIA is such that MSIA is not a component unit of the District for financial reporting purposes.

ROSS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 15 - JOINT VENTURE (CONCLUDED)

MSIA arranges for and/or provides coverage for its members. MSIA is governed by a board consisting of a representative from each member district. MSIA's governing board controls the operations of MSIA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in MSIA.

MSIA is audited on an annual basis. Audited financial statements can be obtained by contacting MSIA's management.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

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

C. Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes that it has a liability for certain compensated absences, such as vacation and sick leave, when employees earn the right to such benefits and the benefits are expected to be settled through paid time off or cash payments. As of June 30, 2025, the liability for compensated absences was determined to be immaterial to the financial statements. Accordingly, no liability or related expense has been recorded in the accompanying financial statements, as the amounts do not significantly impact the District's financial position or results of operations.

NOTE 17 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 135,455	\$ 124,719	\$ 192,774	\$ 68,055
Local Sources	6,639,958	6,639,636	6,570,706	(68,930)
Total LCFF Sources	6,775,413	6,764,355	6,763,480	(875)
Federal Revenue	59,753	66,938	67,049	111
Other State Revenue	667,451	694,935	665,695	(29,240)
Other Local Revenue	3,676,072	3,780,384	3,792,383	11,999
Total Revenues	11,178,689	11,306,612	11,288,607	(18,005)
<u>Expenditures</u>				
Current:				
Certificated Salaries	4,949,139	4,917,171	4,906,085	11,086
Classified Salaries	1,357,493	1,358,463	1,353,619	4,844
Employee Benefits	2,711,307	2,657,514	2,629,368	28,146
Books and Supplies	291,708	323,796	320,884	2,912
Services and Other				
Operating Expenditures	1,465,632	1,397,821	1,336,401	61,420
Capital Outlay	235,000	329,342	229,654	99,688
Other Expenditures	13,575	42,268	39,773	2,495
Total Expenditures	11,023,854	11,026,375	10,815,784	210,591
Excess of Revenue				
Over Expenditures	154,835	280,237	472,823	192,586
<u>Other Financing (Uses)</u>				
Operating Transfers Out	(63,407)	(40,239)	(40,000)	239
Net Change in Fund Balances	91,428	239,998	432,823	\$ 192,825
Fund Balances - July 1, 2024	5,260,898	5,260,898	5,260,898	
Fund Balances - June 30, 2025	\$ 5,352,326	\$ 5,500,896	\$ 5,693,721	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEFERRED MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 50,000	\$ 50,000	\$ 50,000	
Other Local Revenue	20,000	45,000	41,207	\$ (3,793)
Total Revenues	70,000	95,000	91,207	(3,793)
<u>Expenditures</u>				
Current:				
Capital Outlay		900,000	183,495	716,505
Total Expenditures	0	900,000	183,495	716,505
Net Change in Fund Balances	70,000	(805,000)	(92,288)	\$ 712,712
Fund Balances - July 1, 2024	919,835	919,835	919,835	
Fund Balances - June 30, 2025	\$ 989,835	\$ 114,835	\$ 827,547	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2025

	2025	2024
Total OPEB Liability		
Service Cost	\$ 119,900	\$ 111,401
Interest on Total OPEB Liability	119,613	96,264
Differences Between Expected and Actual Experience		362,646
Changes in Assumptions or Other Inputs	(427,175)	(50,214)
Benefit Payments	(121,374)	(114,888)
Net Change in Total OPEB Liability	(309,036)	405,209
Total OPEB Liability - Beginning	3,044,328	2,639,119
Total OPEB Liability - Ending	<u>\$ 2,735,292</u>	<u>\$ 3,044,328</u>
Covered-employee Payroll	\$ 4,868,262	\$ 4,737,968
District's Total OPEB Liability as a Percentage of Covered-employee Payroll	56.19%	64.25%

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

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2023	2022	2021	2020	2019	2018
\$ 111,035	\$ 138,926	\$ 133,768	\$ 99,920	\$ 90,757	\$ 88,328
91,325	58,877	57,431	74,596	69,157	72,094
	337,568		(289,938)		
(35,211)	(568,068)	16,353	670,785	79,125	
(104,606)	(94,096)	(95,575)	(90,653)	(85,791)	(82,491)
62,543	(126,793)	111,977	464,710	153,248	77,931
2,576,576	2,703,369	2,591,392	2,126,682	1,973,434	1,895,503
<u>\$ 2,639,119</u>	<u>\$ 2,576,576</u>	<u>\$ 2,703,369</u>	<u>\$ 2,591,392</u>	<u>\$ 2,126,682</u>	<u>\$ 1,973,434</u>
\$ 4,611,161	\$ 4,487,748	\$ 4,367,638	\$ 4,250,743	\$ 4,136,976	\$ 4,235,186
57.23%	57.41%	61.90%	60.96%	51.41%	46.60%

ROSS SCHOOL DISTRICT

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

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0068%	\$ 4,542,013	\$ 2,083,891	\$ 6,625,904	\$ 4,473,796	101.52%	83.55%
2024	0.0067%	5,129,515	2,457,695	7,587,210	4,077,403	125.80%	80.62%
2023	0.0064%	4,419,992	2,213,515	6,633,507	3,713,664	119.02%	81.20%
2022	0.0071%	3,225,187	1,622,789	4,847,976	3,819,511	84.44%	87.21%
2021	0.0067%	6,484,690	3,342,859	9,827,549	3,628,544	178.71%	71.82%
2020	0.0062%	5,591,092	3,050,314	8,641,406	3,319,484	168.43%	72.56%
2019	0.0059%	5,457,890	3,124,898	8,582,788	3,198,122	170.66%	70.99%
2018	0.0059%	5,454,936	3,227,094	8,682,030	3,115,493	175.09%	69.46%
2017	0.0062%	5,028,056	2,862,382	7,890,438	3,120,774	161.12%	70.04%
2016	0.0066%	4,423,111	2,339,338	6,762,449	2,988,266	148.02%	74.02%

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

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT

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

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0061%	\$ 2,166,929	\$ 1,176,578	184.17%	72.29%
2024	0.0070%	2,529,559	1,208,770	209.27%	69.96%
2023	0.0079%	2,712,137	1,207,233	224.66%	69.76%
2022	0.0080%	1,635,307	1,153,783	141.73%	80.97%
2021	0.0075%	2,316,204	1,087,369	213.01%	70.00%
2020	0.0071%	2,073,696	985,544	210.41%	70.05%
2019	0.0070%	1,860,444	920,334	202.15%	70.85%
2018	0.0073%	1,739,554	962,010	180.82%	71.87%
2017	0.0074%	1,459,540	888,259	164.31%	73.90%
2016	0.0078%	1,155,308	867,734	133.14%	79.43%

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

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	\$ 882,480	\$ 882,480	\$ 0	\$ 4,620,314	19.10%
2024	854,495	854,495	0	4,473,796	19.10%
2023	778,784	778,784	0	4,077,403	19.10%
2022	628,352	628,352	0	3,713,664	16.92%
2021	616,851	616,851	0	3,819,511	16.15%
2020	620,481	620,481	0	3,628,544	17.10%
2019	540,412	540,412	0	3,319,484	16.28%
2018	461,489	461,489	0	3,198,122	14.43%
2017	391,929	391,929	0	3,115,493	12.58%
2016	334,859	334,859	0	3,120,774	10.73%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	\$ 382,844	\$ 382,844	\$ 0	\$ 1,434,948	26.680%
2024	313,911	313,911	0	1,176,578	26.680%
2023	306,665	306,665	0	1,208,770	25.370%
2022	276,577	276,577	0	1,207,233	22.910%
2021	238,833	238,833	0	1,153,783	20.700%
2020	214,440	214,440	0	1,087,369	19.721%
2019	178,009	178,009	0	985,544	18.062%
2018	142,937	142,937	0	920,334	15.531%
2017	133,604	133,604	0	962,010	13.888%
2016	105,232	105,232	0	888,259	11.847%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

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

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

There was no excess of expenditures over appropriations in the General Fund as of June 30, 2025.

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

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

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

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

D. Schedule of Contributions

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

ROSS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Trust Assets

The District has no assets accumulated in a trust that meet the criteria of GASB 75 to pay related benefits.

B. Benefit Terms

There were no changes to benefit terms since the June 30, 2022 valuation.

C. Changes in Assumptions or Other Inputs

The discount rate changed from 3.93% at June 30, 2024 to 5.20% at June 30, 2025.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

A. Benefit Changes

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

B. Changes in Assumptions

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

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

SUPPLEMENTARY INFORMATION SECTION

**ROSS SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<u>Assets</u>			
Deposits and Investments	\$ 9,965	\$ 43,233	\$ 53,198
Receivables	22,861		22,861
Total Assets	<u>\$ 32,826</u>	<u>\$ 43,233</u>	<u>\$ 76,059</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 361		\$ 361
Due to Other Funds	30,000		30,000
Total Liabilities	<u>30,361</u>		<u>30,361</u>
Fund Balances:			
Nonspendable	118	\$ 514	632
Restricted	2,347	42,719	45,066
Total Fund Balances	<u>2,465</u>	<u>43,233</u>	<u>45,698</u>
Total Liabilities and Fund Balances	<u>\$ 32,826</u>	<u>\$ 43,233</u>	<u>\$ 76,059</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<u>Revenues</u>			
Federal Revenue	\$ 11,607		\$ 11,607
State Revenue	92,397		92,397
Local Revenue	1,819	\$ 10,407	12,226
	<u>105,823</u>	<u>10,407</u>	<u>116,230</u>
<u>Expenditures</u>			
Current:			
Food Services	143,706		143,706
	<u>143,706</u>	<u>0</u>	<u>143,706</u>
Excess of Revenues Over (Under) Expenditures	(37,883)	10,407	(27,476)
<u>Other Financing Sources</u>			
Operating Transfers In	40,000		40,000
Net Change in Fund Balances	2,117	10,407	12,524
Fund Balances - July 1, 2024	348	32,826	33,174
Fund Balances - June 30, 2025	<u>\$ 2,465</u>	<u>\$ 43,233</u>	<u>\$ 45,698</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

P-2 Report				
	TK / K - 3	4 - 6	7 - 8	Total
Regular	135.30	124.08	62.77	322.15
Nonpublic School		0.97		0.97
Extended Year - Nonpublic		0.17		0.17
Totals	135.30	125.22	62.77	323.29
Annual Report				
	TK / K - 3	4 - 6	7 - 8	Total
Regular	136.57	123.93	63.04	323.54
Nonpublic School		0.98		0.98
Extended Year - Nonpublic		0.17		0.17
Totals	136.57	125.08	63.04	324.69

SEE NOTES TO SUPPLEMENTARY INFORMATION

ROSS SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>Grade Level</u>	<u>Minutes Required</u>	<u>Instructional Minutes</u>			<u>Traditional Calendar Days</u>			<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
		<u>Offered</u>	<u>Credited</u>	<u>Total</u>	<u>Offered</u>	<u>Credited</u>	<u>Total</u>		
Kindergarten	36,000	45,330	0	45,420	180	0	180	N/A	In Compliance
Grade 1	50,400	54,120	0	54,120	180	0	180	N/A	In Compliance
Grade 2	50,400	54,120	0	54,120	180	0	180	N/A	In Compliance
Grade 3	50,400	54,120	0	54,120	180	0	180	N/A	In Compliance
Grade 4	54,000	56,410	0	56,410	180	0	180	N/A	In Compliance
Grade 5	54,000	56,410	0	56,410	180	0	180	N/A	In Compliance
Grade 6	54,000	59,521	0	59,553	180	0	180	N/A	In Compliance
Grade 7	54,000	59,521	0	59,553	180	0	180	N/A	In Compliance
Grade 8	54,000	59,521	0	59,553	180	0	180	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

	General Fund	Special Reserve for Postemployment Benefits Fund
June 30, 2025 Annual Financial and Budget Report Fund Balances	\$ 4,520,248	\$ 1,173,473
Reclassification Increasing (Decreasing) Fund Balances:		
Reclassification of Fund Balances	<u>1,173,473</u>	<u>(1,173,473)</u>
June 30, 2025 Audited Financial Statements Fund Balances	<u>\$ 5,693,721</u>	<u>\$ 0</u>

Auditor's Comments

The fund balances of the General Fund and the Special Reserve for Postemployment Benefits Fund have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

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

ROSS SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	GENERAL FUND			
	(Budget) 2025-26	2024-25	2023-24	2022-23
Revenues and Other Financial Sources	\$ 11,514,144	\$ 11,288,607	\$ 11,291,672	\$ 10,514,049
Expenditures	11,296,319	10,815,784	10,787,770	10,174,015
Other Uses and Transfers Out	45,823	40,000	50,883	0
Total Outgo	11,342,142	10,855,784	10,838,653	10,174,015
Change in Fund Balance	172,002	432,823	453,019	340,034
Ending Fund Balance	\$ 5,865,723	\$ 5,693,721	\$ 5,260,898	\$ 4,807,879
Available Reserves	\$ 4,077,787	\$ 3,982,716	\$ 3,518,011	\$ 3,211,134
Reserve for Economic Uncertainties **	\$ 4,077,787	\$ 3,982,716	\$ 3,518,011	\$ 3,211,134
Available Reserves as a Percentage of Total Outgo	36.0%	36.7%	32.5%	31.6%
Average Daily Attendance at P-2	322	323	334	337
Total Long-Term Liabilities	\$ 23,429,456	\$ 24,795,734	\$ 27,284,183	\$ 27,446,055

** Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$885,842 (18.4%) over the past two years. The fiscal year 2025-26 budget projects an increase of \$172,002 (3.0%). For a district this size, the state recommends available reserves of at least 4% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses in each of the past three fiscal years.

Average daily attendance (ADA) decreased 14 ADA over the past two years. The District's 2025-26 budget projects a further decrease of 1 ADA.

Total long-term liabilities decreased \$2,650,321 over the past two years.

ROSS SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

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

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

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

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

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

E. Schedule of Financial Trends and Analysis

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

OTHER INFORMATION

ROSS SCHOOL DISTRICT
ORGANIZATION/GOVERNING BOARD/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ORGANIZATION

The Ross School District was established in 1867 and comprises an area located in Marin County. The District currently operates one school serving grades kindergarten through eight. There were no changes in the boundaries of the District during the current year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Chris Erickson	President	December 2026
Darius Mozaffarian	Vice President	December 2026
Jeff Bergholt	Member	December 2026
Kelly Dwinells	Member	December 2028
Erin Earls	Member	December 2028

ADMINISTRATION

David Rice
Superintendent

Carol Slender
Chief Business Official

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Governing Board
Ross School District
Ross, California

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

Report on Internal Control over Financial Reporting

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

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

Report on Internal Control over Financial Reporting (Concluded)

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Governing Board
Ross School District
Ross, California

Report on State Compliance

Opinion on State Compliance

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

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

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes

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

<u>Description (Concluded)</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools (Concluded):	
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
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	No (see below)
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

We did not perform procedures for the transitional kindergarten program because the District did not have any transitional kindergarten students in 2024-25.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the *Audit Guide*, and which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **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 the District's responses to the noncompliance findings identified in our compliance audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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

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

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

FINDINGS AND QUESTIONED COSTS SECTION

ROSS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's reports issued:	<u>Opinion Unit</u>	<u>Opinion</u>
	Governmental Activities	Unmodified
	Discretely Presented Component Unit	Adverse
	General Fund	Unmodified
	Deferred Maintenance Fund	Unmodified
	Bond Interest & Redemption Fund	Unmodified
	QSCB Debt Service Fund	Unmodified
	Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

State Awards

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

ROSS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

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

ROSS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025 - 001 / 40000 (Repeat of Finding 2024-001)

EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program)

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

Condition: The District did not offer the ELO Program during the 2024-25 fiscal year.

Questioned Costs: \$50,000. (The amount received for fiscal year 2024-25.)

Context: During 2024-25, the District only has three (3) unduplicated pupils.

Effect: The District must return all funds apportioned to the District for the ELO Program.

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

Recommendation: The District take appropriate action to ensure that it opts out of the ELO Program for fiscal year 2025-26.

District Response: Since the inception of the Expanded Learning Opportunity Program in the 2021-22 fiscal year, the District has been in ongoing discussions with our local recreation agency (Non-LEA) to establish a partnership and effectively utilize the program's funding.

Unfortunately, the outcome of these discussions determined that the District would not proceed with this program due to mandates regarding hours of operation, instructional day requirements, and the overall cost of implementation.

The District will continue to explore opportunities to offer the program in the future, either as a standalone program or through a partnership with local agencies.

Funds for fiscal years 2021–22 and 2022–23 have been returned to the CDE, while fiscal years 2023–24 and 2024–25 have been recorded as a liability as of year-end June 30, 2025.

ROSS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2025 - 002 / 40000

HOME TO SCHOOL TRANSPORTATION REIMBURSEMENT

<u>Criteria:</u>	Education Code Section 41850.1 requires the California Department of Education (CDE) to annually collect transportation data from each local educational agency (LEA) providing pupil transportation services and that receives transportation apportionments. It specifically requires the demographic characteristics of pupils transported to be collected. Accordingly, local education agencies are now required to report transportation data from the previous year through the California Basic Educational Data System (CBEDS) Home-to-School Transportation Reimbursement Supplemental worksheet in October of each year.
<u>Condition:</u>	The District's prior year transportation data was not reported in the October 2024 submission of CBEDS.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	This is a new requirement that has been included in the audit guide to encourage compliance with the new CBEDS reporting requirement.
<u>Effect:</u>	The District did not provide the information that is needed by CDE to comply with Education Code Section 41850.1
<u>Cause:</u>	The District was unaware of the new requirement.
<u>Recommendation:</u>	The District should establish appropriate procedures to ensure that transportation data from the previous year is properly reported to CDE through the CBEDS Home-to-School Transportation Reimbursement Supplemental worksheet in October of each year.
<u>District Response:</u>	To address this issue and ensure accurate reporting going forward, the District will implement the following corrective actions: Data Review and Verification: Establish a process to review Home to School Transportation data prior to CBEDS submission, ensuring all relevant information is complete and accurate. Staff Training: Provide training to personnel responsible for CBEDS reporting to ensure they understand the requirements for including Home to School Transportation data. Internal Controls: Implement a documented checklist and internal approval process to verify that all required data elements, including transportation information, are included in future CBEDS submissions. Ongoing Monitoring: Conduct periodic audits of transportation data to confirm accuracy and compliance with reporting requirements.

ROSS SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS</u>		
2024 - 001 / 40000		
<u>EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELOP)</u>		
The District should continue to record a payable to the California Department of Education for any amounts received for the program to reflect the anticipated return of the funds for non-operation of the ELOP.	Partially Implemented	Comment Repeated (See Finding 2025-001)

