



See what's possible.

**LINCOLN UNIFIED SCHOOL DISTRICT
OF SAN JOAQUIN COUNTY
STOCKTON, CALIFORNIA**

AUDIT REPORT
JUNE 30, 2025

LINCOLN UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2025

Independent Auditors' Report	1
Management's Discussion and Analysis	4

FINANCIAL SECTION

Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds - Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Proprietary Fund - Statement of Net Position	21
Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position	22
Proprietary Fund - Statement of Cash Flows	23
Fiduciary Fund - Statement of Net Position	24
Notes to Financial Statements	25

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	74
Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	75
Schedule of Contributions - OPEB	77
Schedule of the Proportionate Share of the Net OPEB Liability/(Asset) - MPP Program	78
Schedule of the Proportionate Share of the Net Pension Liability	79
Schedule of Contributions - Pensions	81
Notes to Required Supplementary Information	83

SUPPLEMENTARY INFORMATION

Local Education Agency Organization Structure	85
Schedule of Expenditures of Federal Awards	86
Schedule of Average Daily Attendance	87
Schedule of Instructional Time	88
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	89
Schedule of Financial Trends and Analysis	90
Schedule of Charter Schools	91
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	93
Note to Supplementary Information	94

LINCOLN UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2025

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	96
Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	98
Independent Auditors' Report on State Compliance and on Internal Control over Compliance for State Programs	101

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	105
Financial Statement Findings	106
Federal Award Findings and Questioned Costs	107
State Award Findings and Questioned Costs	108
Summary Schedule of Prior Audit Findings	109



INDEPENDENT AUDITORS' REPORT

Governing Board
Lincoln Unified School District
Stockton, California

Report on Audit of Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted GASB Statement No. 101, Compensated Absences which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section as listed in the Table of Contents, which includes Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 *CWDL, Certified Public Accountants*

San Diego, California

December 12, 2025

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

This section of Lincoln Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The District does not have any business type activities.

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

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

The primary unit of government is the Lincoln Unified School District. The Community Facility District No. 1 is a component unit of the District. Separate financial statements for the Community Facilities District No. 1 are not prepared.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

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

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

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds – When the District charges users for the service it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities – such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

Fiduciary Fund – Fiduciary funds are used to account for resources held by the District in a trustee or agency capacity for individuals, private organizations, or other governments, and therefore cannot be used to support the District's own programs. Fiduciary activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District reports custodial funds (a component of fiduciary funds) to account for assets collected and held on behalf of others. Fiduciary fund financial statements report only the resources held and the related changes in those resources, using the economic resources measurement focus and the accrual basis of accounting.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$56.65 million and \$63.03 million for the fiscal years ended June 30, 2025 and 2024, respectively. Our analysis below focuses on the net position; and the changes in net position; of the District's governmental activities.

	Governmental Activities		
	2025	2024	Net Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 122,513,946	\$ 132,594,374	\$ (10,080,428)
Non-current assets	142,035,118	143,967,398	(1,932,280)
Deferred outflows of resources	36,440,143	36,430,000	10,143
Total Assets and Deferred Outflows of Resources	300,989,207	312,991,772	(12,002,565)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	24,649,796	21,968,835	2,680,961
Non-current liabilities	208,032,429	219,326,238	(11,293,809)
Deferred inflows of resources	11,659,215	8,671,011	2,988,204
Total Liabilities and Deferred Inflows of Resources	244,341,440	249,966,084	(5,624,644)
NET POSITION			
Net investment in capital assets	69,153,840	63,299,547	5,854,293
Restricted	40,442,040	45,136,987	(4,694,947)
Unrestricted	(52,948,113)	(45,410,846)	(7,537,267)
Total Net Position	\$ 56,647,767	\$ 63,025,688	\$ (6,377,921)

The District's unrestricted net position for governmental activities was (\$52.95) million as of June 30, 2025, reflecting the accumulated results of operations over time. The June 30, 2025 unrestricted net position decreased by \$7.54 million as compared to June 30, 2024.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Changes in Net Position

The results of the 2024-25 operations for the District as a whole are reported in the Statement of Activities on page 16. Net position decreased by \$6.38 million due to operating activities.

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 32,234	\$ 54,056	\$ (21,822)
Operating grants and contributions	38,486,509	45,921,279	(7,434,770)
Capital grants and contributions	141,776	160,128	(18,352)
General revenues			
Property taxes	32,407,422	31,636,386	771,036
Federal and state aid not restricted for specific purposes	100,098,798	98,493,031	1,605,767
Other	7,476,552	6,488,678	987,874
Total Revenues	178,643,291	182,753,558	(4,110,267)
EXPENSES			
Instruction	94,783,847	84,763,742	10,020,105
Instruction-related services	11,006,628	10,853,991	152,637
Pupil services	27,810,083	23,999,686	3,810,397
General administration	9,141,136	8,747,402	393,734
Plant services	18,143,209	15,218,123	2,925,086
Ancillary services	1,463,541	1,327,615	135,926
Community services	36,017	59,100	(23,083)
Enterprise services	1,202,300	926,958	275,342
Interest on long-term debt	4,146,482	8,065,528	(3,919,046)
Other outgo	2,434,613	2,636,733	(202,120)
Depreciation (unallocated)	9,048,589	8,695,285	353,304
Amortization (unallocated)	62,520	62,520	-
Total Expenses	179,278,965	165,356,683	13,922,282
CHANGE IN NET POSITION	(635,674)	17,396,875	(18,032,549)
NET POSITION - BEGINNING	63,025,688	45,628,813	17,396,875
PRIOR PERIOD ADJUSTMENT (NOTE 16)	(5,742,247)	-	(5,742,247)
NET POSITION - ENDING	\$ 56,647,767	\$ 63,025,688	\$ (6,377,921)

Governmental Activities

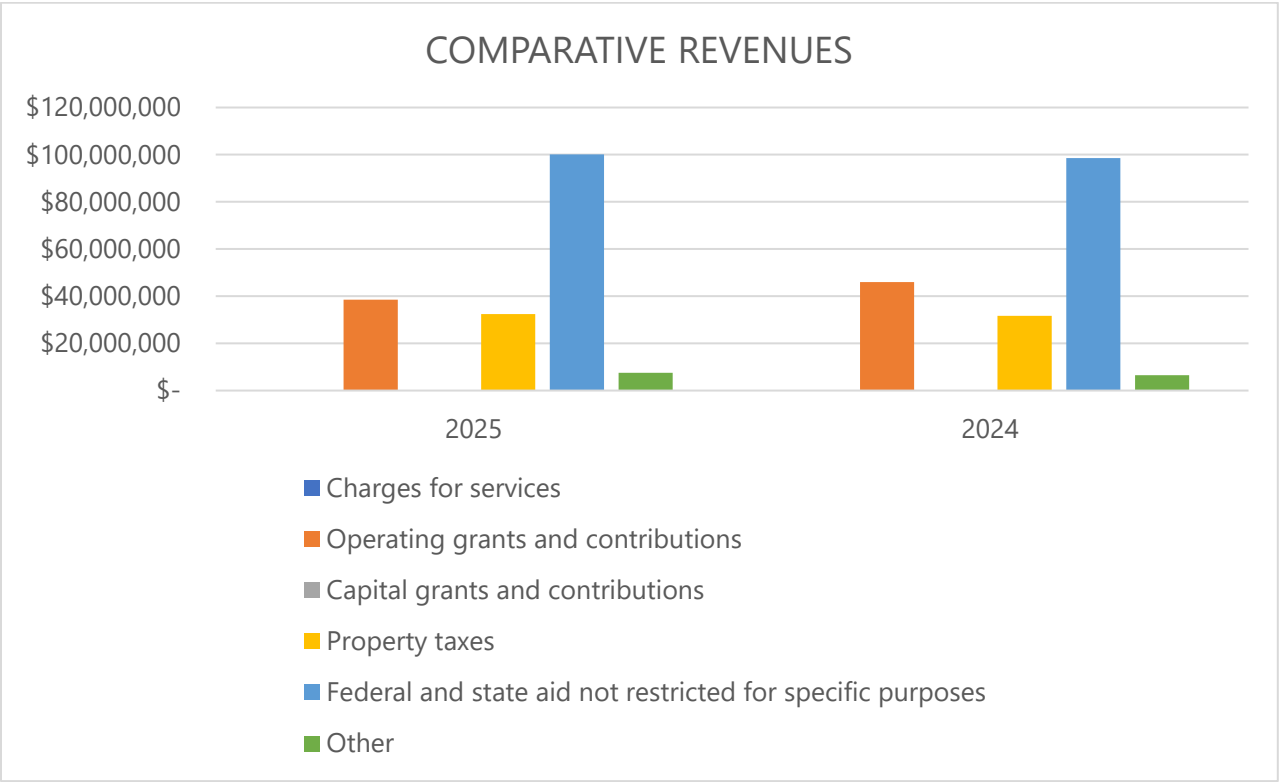
As reported in the Statement of Activities on page 16, the cost of all of our governmental activities for the years ended June 30, 2025 and 2024 were \$179.28 million and \$165.36 million, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$32.41 million and \$31.64 million, respectively, because the cost was paid by those who benefited from the programs (\$0.03 million and \$0.05 million, respectively) or by other governments and organizations who subsidized certain programs with grants and contributions (\$38.49 million and \$45.92 million respectively). We paid for the remaining "public benefit" portions of our governmental activities with \$100.10 million and \$98.49 million, respectively, from other Federal and State sources, and with other revenues, like interest and general entitlements of \$7.48 million and \$6.49 million, respectively.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Schedule of Revenues for Governmental Functions

	2025	Percent of Total	2024	Percent of Total
Program revenues				
Charges for services	\$ 32,234	0.02%	\$ 54,056	0.03%
Operating grants and contributions	38,486,509	21.54%	45,921,279	25.13%
Capital grants and contributions	141,776	0.08%	160,128	0.09%
General revenues				
Property taxes	32,407,422	18.14%	31,636,386	17.31%
Federal and state aid not restricted for specific purposes	100,098,798	56.03%	98,493,031	53.89%
Other	7,476,552	4.19%	6,488,678	3.55%
Total Revenues	\$ 178,643,291	100.00%	\$ 182,753,558	100.00%

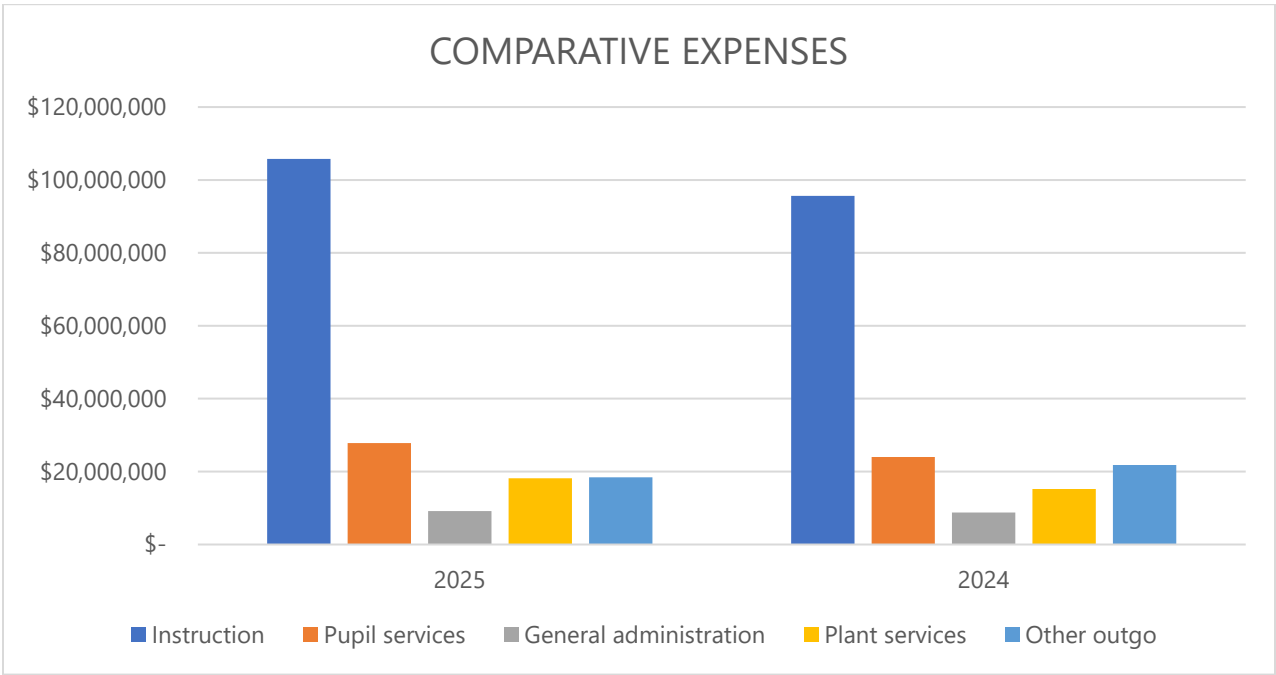


**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Schedule of Expenses for Governmental Functions

	Percent of			Percent of	
	2025	Total	2024	Total	
Instruction	\$ 105,790,475	59.01%	\$ 95,617,733	57.83%	
Pupil services	27,810,083	15.51%	23,999,686	14.51%	
General administration	9,141,136	5.10%	8,747,402	5.29%	
Plant services	18,143,209	10.12%	15,218,123	9.20%	
Other outgo	18,394,062	10.26%	21,773,739	13.17%	
Total Expenses	\$ 179,278,965	100.00%	\$ 165,356,683	100.00%	



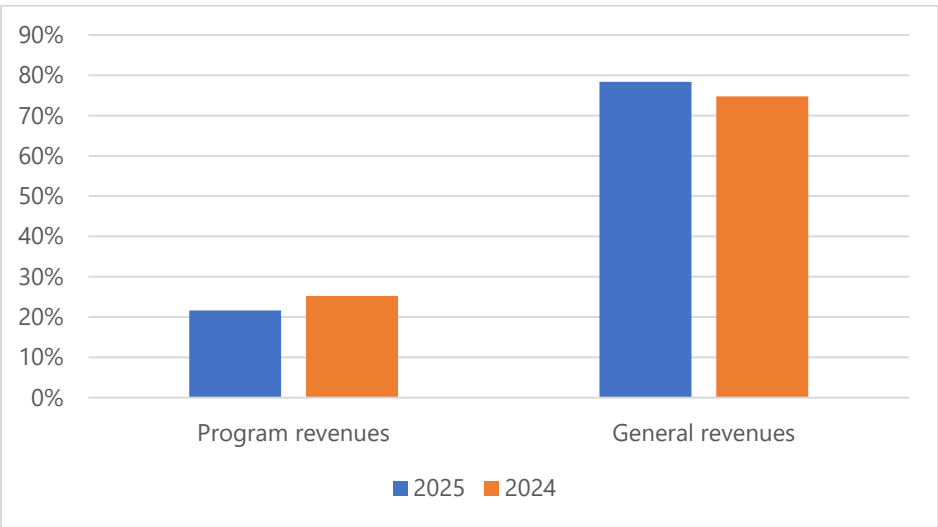
**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Schedule of Net Costs

We have presented the net cost (total cost less revenues generated by the activities) of each of the District's five largest functions – instruction and instruction related, student support services, administration, maintenance and operations, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 105,790,475	\$ 95,617,733	\$ 80,938,749	\$ 67,087,675
Pupil services	27,810,083	23,999,686	18,313,854	11,295,744
General administration	9,141,136	8,747,402	8,121,171	7,374,358
Plant services	18,143,209	15,218,123	17,543,177	14,010,658
Other outgo	18,394,062	21,773,739	15,701,495	19,452,785
Total	\$ 179,278,965	\$ 165,356,683	\$ 140,618,446	\$ 119,221,220



Program revenues financed approximately 22 percent of the total cost of providing the services listed above, while the remaining 78 percent was financed by the general revenues of the District.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the years ended June 30, 2025 and 2024, our governmental and proprietary funds reported a combined fund balance of \$109.27 million and \$119.46 million respectively. This is a decrease of \$10.20 million from the prior year.

	Balances and Activity			
	July 01, 2024	Revenues	Expenditures	June 30, 2025
GOVERNMENTAL FUNDS				
General Fund*	\$ 87,414,212	\$ 147,800,424	\$ 157,395,171	\$ 77,819,465
Student Activity Special Revenue Fund	486,377	348,183	309,846	524,714
Adult Education Fund	-	176,498	176,498	-
Deferred Maintenance Fund	7,788,606	3,457,232	5,212,950	6,032,888
Charter School Fund	3,866,677	6,026,788	6,127,292	3,766,173
Child Development Fund	1,437,554	2,862,443	2,562,878	1,737,119
Cafeteria Special Revenue Fund	2,931,518	7,082,486	7,411,036	2,602,968
Capital Facilities Fund	148,410	10,393	77,666	81,137
County School Facilities Fund	3,035,866	141,777	128,862	3,048,781
Capital Project for Blended Component Units Fund	1,920,622	659,972	44,552	2,536,042
Bond Interest and Redemption Fund	6,757,614	7,340,489	6,286,883	7,811,220
Debt Service for Blended Component Units Fund	1,825,774	3,106,586	3,293,874	1,638,486
Total	\$ 117,613,230	\$ 179,013,271	\$ 189,027,508	\$ 107,598,993
PROPRIETARY FUND				
Self-Insurance Fund	\$ 1,847,985	\$ 1,050,853	\$ 1,232,165	\$ 1,666,673

*The General Fund includes the financial activities of the Fund 20 - Special Reserve Fund for Postemployment Benefits.

General Fund Budgetary Highlights

Throughout the year, the District revised its budget to accommodate unexpected changes in revenues and expenditures. The final revision of the 2024-25 budget was completed June 30, 2025. A schedule showing the District's original and final budget figures compared with amounts actually paid and received is provided in our annual report on page 74.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Assets

At June 30, 2025 and 2024, the District reported \$141.87 million and \$143.77 million, respectively, in capital assets and right-to-use assets, net of accumulated depreciation and amortization. These assets include land, buildings and improvements, and furniture and equipment. The \$1.90 million net decrease in 2025 reflects the combined effect of current-year additions, disposals, and depreciation and amortization expense.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS AND RIGHT-TO-USE ASSETS			
Land	\$ 18,141,034	\$ 18,141,034	\$ -
Construction in progress	8,712,639	12,262,586	(3,549,947)
Land improvements	34,289,086	30,766,554	3,522,532
Buildings and improvements	221,513,916	215,203,667	6,310,249
Furniture and equipment	11,271,572	10,342,626	928,946
Accumulated depreciation	(152,655,095)	(143,606,506)	(9,048,589)
Right-to-use assets	937,796	937,796	-
Accumulated amortization	(342,742)	(280,222)	(62,520)
Total Capital Assets and Right-to-Use Assets, Net	\$ 141,868,206	\$ 143,767,535	\$ (1,899,329)

Long-Term Liabilities

At June 30, 2025 and 2024, the District had \$112.71 million and \$118.39 million, respectively, in long-term liabilities, a decrease of \$5.68 million. The bonds were issued for construction projects. Long-term liabilities consisted of:

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
General obligation bonds	\$ 51,563,123	\$ 55,833,226	\$ (4,270,103)
Unamortized debt premiums	4,675,678	5,311,437	(635,759)
Accreted interest on bonds*	31,114,546	28,789,744	2,324,802
Community facilities on bonds	9,511,568	11,571,568	(2,060,000)
Certificates of participation (COP)	6,135,000	6,900,000	(765,000)
Lease liability	828,997	851,757	(22,760)
Compensated absences*	8,883,679	9,130,450	(246,771)
Total long-term liabilities	112,712,591	118,388,182	(5,675,591)
Less: long-term liabilities, current portion	(10,473,670)	(8,543,868)	(1,929,802)
Long-term liabilities, non-current portion	\$ 102,238,921	\$ 109,844,314	\$ (7,605,393)

*2024 balance as restated, see Note 16.

We present more detailed information regarding our long-term liabilities in Note 9 to the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-25 ARE NOTED BELOW:

Lincoln Unified School District has successfully implemented another year of our Local Control and Accountability Plan (LCAP) which was originally adopted in June 2017. We met with stakeholders and developed a comprehensive plan which has been revised annually. Factors bearing on the district will continue to be enrollment and student attendance, which is key to the District's financial projections. The District's attendance has declined in recent years and this trend has continued. In addition, the increase to employer contributions to CalSTRS and CalPERS has continued and is an area of concern. The District has continued to budget for 1:1 technology for grades TK-12.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET ASSUMPTIONS

The District used the following assumptions in constructing the 2025-26 fiscal budget. The information provided below is current as of July 1, 2025.

The following assumptions are represented in this year's budget.

- The Local Control Funding Formula (LCFF) increased due to a COLA of 2.30% generated an increase in revenues for the 2025-26 fiscal year budget. In addition, our unduplicated percentage increased for a total net increase in revenues of \$2,759,770.
- Salary projections include step and column and anticipated salary increases for all units of \$2,800,390.
- Special Education costs increased due to additional and necessary positions and costs associated with the required return of classes previously served through the SELPA. This includes an addition of two Speech and Language Teachers, an additional Resource teacher and a Transitional Kindergarten Special Day Class teacher. Our total contribution from unrestricted general fund to Special Education increased from \$15,603,972 in 23-24 to \$19,767,364 in the 2025-2026 budget.
- Continued increase of two additional professional development days for all certified staff in 2025-2026, and 2026-2027 funded with one-time learning loss funding.
- The net effect of gains and losses in certificated staffing FTE is an increase of two FTE.
- The reserve for economic uncertainties has been maintained at 3.2%.
- A transfer to Deferred Maintenance of \$2,500,000 to fund two new classrooms at Lincoln High School for summer 2026 construction.
- One-time funding is budgeted to fully expend prior to deadlines.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's Finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Associate Superintendent, Business Services, Rebecca Hall, at Lincoln Unified School District, 2010 W. Swain Road, Stockton, California, 95207 or email at rhall@lusd.net.

FINANCIAL SECTION

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

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 113,459,080
Accounts receivable	8,692,657
Inventory	329,258
Lease receivable, current portion	32,951
Total Current Assets	<u>122,513,946</u>
Non-Current Assets	
Lease receivable, non-current portion	166,912
Capital assets, net	141,273,152
Right-to-use assets, net	595,054
Total Non-Current Assets	<u>142,035,118</u>
TOTAL ASSETS	<u>264,549,064</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	896,326
Deferred outflows related to pensions	35,543,817
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>36,440,143</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 300,989,207</u>
LIABILITIES	
Current Liabilities	
Accrued liabilities	\$ 12,291,631
Interest payable	902,109
Unearned revenue	982,386
Long-term debt, current portion	10,473,670
Total Current Liabilities	<u>24,649,796</u>
Non-Current Liabilities	
Net pension liability	94,883,398
Net OPEB liability	10,910,110
Long-term debt, non-current portion	102,238,921
Total Non-Current Liabilities	<u>208,032,429</u>
TOTAL LIABILITIES	<u>232,682,225</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to lease receivable	141,175
Deferred inflows related to OPEB	3,722,445
Deferred inflows related to pensions	7,795,595
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,659,215</u>
NET POSITION	
Net investment in capital assets	69,153,840
Restricted	
Educational programs	17,624,245
Debt service	9,449,706
Capital projects	6,742,817
Child nutrition	2,486,396
Student activity funds	497,253
Other restrictions	3,641,623
Unrestricted	(52,948,113)
TOTAL NET POSITION	<u>56,647,767</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 300,989,207</u>

The notes to financial statements are an integral part of this statement.

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

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenues and
		Services	Grants and	and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities					
Instruction	\$ 94,783,847	\$ 337	\$ 23,124,792	\$ 141,776	\$ (71,516,942)
Instruction-related services					
Instructional supervision and administration	1,423,797	24	548,279	-	(875,494)
Instructional library, media, and technology	1,330,307	-	19,135	-	(1,311,172)
School site administration	8,252,524	16	1,017,367	-	(7,235,141)
Pupil services					
Home-to-school transportation	3,215,882	-	637,925	-	(2,577,957)
Food services	7,545,228	22,959	5,817,768	-	(1,704,501)
All other pupil services	17,048,973	99	3,017,478	-	(14,031,396)
General administration					
Centralized data processing	2,864,256	3	778	-	(2,863,475)
All other general administration	6,276,880	750	1,018,434	-	(5,257,696)
Plant services	18,143,209	139	599,893	-	(17,543,177)
Ancillary services	1,463,541	573	508,286	-	(954,682)
Community services	36,017	2	652	-	(35,363)
Enterprise services	1,202,300	-	-	-	(1,202,300)
Interest on long-term debt	4,146,482	-	-	-	(4,146,482)
Other outgo	2,434,613	7,332	2,175,722	-	(251,559)
Depreciation (unallocated)	9,048,589	-	-	-	(9,048,589)
Amortization (unallocated)	62,520	-	-	-	(62,520)
Total	\$ 179,278,965	\$ 32,234	\$ 38,486,509	\$ 141,776	(140,618,446)
General Revenues					
Taxes and subventions					
Property taxes, levied for general purposes					21,357,606
Property taxes, levied for debt service					7,137,595
Property taxes, levied for other specific purposes					3,912,221
Federal and state aid not restricted for specific purposes					100,098,798
Interest and investment earnings					4,113,829
Miscellaneous					2,320,024
Special and extraordinary items					21,711
Internal transfers					1,020,988
Total General Revenues					139,982,772
CHANGE IN NET POSITION					(635,674)
NET POSITION - BEGINNING					63,025,688
PRIOR PERIOD ADJUSTMENTS (NOTE 16)					(5,742,247)
NET POSITION - ENDING					\$ 56,647,767

LINCOLN UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 81,610,177	\$ 30,320,928	\$ 111,931,105
Accounts receivable	6,867,522	1,807,989	8,675,511
Due from other funds	2,476,113	1,795,340	4,271,453
Inventory	185,225	144,033	329,258
Lease receivable	199,863	-	199,863
Total Assets	<u>\$ 91,338,900</u>	<u>\$ 34,068,290</u>	<u>\$ 125,407,190</u>
LIABILITIES			
Accrued liabilities	\$ 11,475,674	\$ 785,210	\$ 12,260,884
Due to other funds	1,183,815	3,239,937	4,423,752
Unearned revenue	718,771	263,615	982,386
Total Liabilities	<u>13,378,260</u>	<u>4,288,762</u>	<u>17,667,022</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to lease receivable	141,175	-	141,175
Total Deferred Inflows of Resources	<u>141,175</u>	<u>-</u>	<u>141,175</u>
FUND BALANCES			
Nonspendable	200,225	144,033	344,258
Restricted	19,625,600	20,816,440	40,442,040
Committed	22,915,000	-	22,915,000
Assigned	14,450,503	8,819,055	23,269,558
Unassigned	20,628,137	-	20,628,137
Total Fund Balances	<u>77,819,465</u>	<u>29,779,528</u>	<u>107,598,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 91,338,900</u>	<u>\$ 34,068,290</u>	<u>\$ 125,407,190</u>

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

Total Fund Balances - Governmental Funds \$ 107,598,993

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

Capital assets and right-to-use assets:

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

Capital assets	\$ 293,928,247	
Accumulated depreciation	(152,655,095)	
Right-to-use assets	937,796	
Accumulated amortization	<u>(342,742)</u>	141,868,206

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was: (902,109)

Long-term liabilities:

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

General obligation bonds	\$ 51,563,123	
Unamortized debt premiums	4,675,678	
Accreted interest on bonds	31,114,546	
Community facilities on bonds	9,511,568	
Certificates of participation (COP)	6,135,000	
Lease liability	828,997	
Compensated absences	8,883,679	
Net pension liability	94,883,398	
Net OPEB liability	<u>10,910,110</u>	(218,506,099)

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 government-wide the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows related to pensions	\$ 35,543,817	
Deferred inflows related to pensions	<u>(7,795,595)</u>	27,748,222

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB):

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

Deferred outflows related to OPEB	\$ 896,326	
Deferred inflows related to OPEB	<u>(3,722,445)</u>	(2,826,119)

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

	1,666,673	
Total Net Position - Governmental Activities	<u>\$ 56,647,767</u>	

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

	General Fund	Formerly Major Fund Deferred Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 112,585,778	\$ -	\$ 5,577,345	\$ 118,163,123
Federal sources	6,477,049	-	4,446,159	10,923,208
Other state sources	18,579,852	-	5,942,771	24,522,623
Other local sources	10,157,745	-	12,604,089	22,761,834
Total Revenues	147,800,424	-	28,570,364	176,370,788
EXPENDITURES				
Current				
Instruction	91,638,059	-	5,812,268	97,450,327
Instruction-related services				
Instructional supervision and administration	1,143,987	-	318,430	1,462,417
Instructional library, media, and technology	1,274,503	-	65,496	1,339,999
School site administration	7,815,196	-	720,301	8,535,497
Pupil services				
Home-to-school transportation	3,204,126	-	7,878	3,212,004
Food services	348,628	-	7,190,687	7,539,315
All other pupil services	17,326,191	-	186,495	17,512,686
General administration				
Centralized data processing	2,840,522	-	19,866	2,860,388
All other general administration	4,958,101	-	1,593,797	6,551,898
Plant services	18,720,021	-	328,655	19,048,676
Facilities acquisition and maintenance	787,458	-	5,497,861	6,285,319
Ancillary services	1,159,672	-	309,846	1,469,518
Community services	36,003	-	-	36,003
Transfers to other agencies	2,434,613	-	-	2,434,613
Debt service				
Principal	22,760	-	7,362,054	7,384,814
Interest and other	21,860	-	2,218,703	2,240,563
Total Expenditures	153,731,700	-	31,632,337	185,364,037
Excess/(Deficiency) of Revenues				
Over Expenditures	(5,931,276)	-	(3,061,973)	(8,993,249)
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	-	2,642,483	2,642,483
Transfers out	(3,663,471)	-	-	(3,663,471)
Other Financing Sources/(Uses), Net	(3,663,471)	-	2,642,483	(1,020,988)
NET CHANGE IN FUND BALANCES	(9,594,747)	-	(419,490)	(10,014,237)
FUND BALANCES - BEGINNING	87,414,212	7,788,606	23,104,581	118,307,399
Change with financial reporting entity (major to non-major fund)	-	(7,788,606)	7,788,606	-
Error correction	-	-	(694,169)	(694,169)
FUND BALANCES - BEGINNING, AS RESTATED	87,414,212	-	30,199,018	117,613,230
FUND BALANCES - ENDING	\$ 77,819,465	\$ -	\$ 29,779,528	\$ 107,598,993

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

Net Change in Fund Balances - Governmental Funds	\$	(10,014,237)
--	----	--------------

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

Capital outlay:

In governmental funds, the costs of capital assets and right-to-use assets are reported as expenditures in the period when the assets are acquired. In the government-wide statement of activities, costs of capital assets and right-to-use assets are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay	\$	7,211,780	
Depreciation expense		(9,048,589)	
Amortization expense		(62,520)	(1,899,329)

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:

7,117,863

Unmatured interest on long-term debt:

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

50,075

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the

(2,324,802)

Compensated absences:

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

246,771

Pensions:

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

6,050,381

Postemployment benefits other than pensions (OPEB):

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

(316,843)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an 'other financing source' or an 'other financing use' in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period

635,759

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service

(181,312)

Change in Net Position of Governmental Activities

\$ (635,674)

LINCOLN UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

	Internal Service Fund
	Self-Insurance Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,527,975
Accounts receivable	17,146
Due from other funds	152,299
TOTAL ASSETS	<u>\$ 1,697,420</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accrued liabilities	<u>\$ 30,747</u>
NET POSITION	
Unrestricted	<u>1,666,673</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,697,420</u>

LINCOLN UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Internal Service Fund
	Self-Insurance Fund
OPERATING REVENUES	
Local sources	\$ 29,865
Total Operating Revenues	29,865
OPERATING EXPENSES	
Services and other operating expenses	1,232,165
Total Operating Expenses	1,232,165
Income/(Loss) before Contributions and Transfers	(1,202,300)
CONTRIBUTIONS AND TRANSFERS	
Interfund transfer in	1,020,988
Operating Income/(Loss)	(181,312)
CHANGE IN NET POSITION	(181,312)
NET POSITION - BEGINNING	1,847,985
NET POSITION - ENDING	\$ 1,666,673

LINCOLN UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Internal Service Fund
	Self-Insurance Fund
Cash Flows from Operating Activities	
Cash received from grants and customers	\$ 16,537
Cash receipts for operating activities with other funds	2,374,508
Cash payments for other goods and services	(1,201,418)
Net Cash Provided by/(Used in) Operating Activities	<u>1,189,627</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,189,627
Cash and Cash Equivalents, Beginning of Year	338,348
Cash and Cash Equivalents, End of Year	<u>\$ 1,527,975</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used in) Operating Activities	
Operating Income/(Loss)	<u>\$ (181,312)</u>
Changes in Assets and Liabilities:	
Accounts receivable	(13,328)
Due from other funds	1,353,520
Accrued liabilities	30,747
Total Adjustments	<u>1,370,939</u>
Net Cash Flows From Operating Activities	<u>\$ 1,189,627</u>

LINCOLN UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

	Trust Fund
	Scholarship
	Trust Fund
ASSETS	
Cash and cash equivalents	\$ 459,347
TOTAL ASSETS	459,347
LIABILITIES	
Due to student groups and other agencies	459,347
TOTAL LIABILITIES	\$ 459,347

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lincoln Unified School District (the "District") was established on May 23, 1865 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through twelve as mandated by the State and/or Federal agencies. The District consists of eight elementary schools, one middle school, one high school, one alternative education high school and a dependent charter school.

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 the District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District's component units include John McCandless Charter School. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District.

The District and Community Facilities District No. 1 ("CFD") have a financial and operational relationship which meets the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of CFD as a blended component unit of the District. Therefore, the financial activities of CFD have been included in the financial statements of the District. The following are those aspects of the relationship between the District and CFD which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100* criteria:

Manifestations of Oversight

- CFD's Board of Directors were appointed by the District's Board of Trustees.
- CFD has no employees. The District's Superintendent functions as an agent of CFD. Neither individual received additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of CFD as it is anticipated that the District will be the sole lessee of all facilities owned by CFD.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Component Units, continued

Accounting for Fiscal Matters

- All major financing arrangements, contracts, and other transactions of CFD must have the consent of the District.
- Any deficits incurred by CFD will be reflected in the lease payments of the District. Any surpluses of CFD revert to the District at the end of the lease period.
- It is anticipated that the District's lease payments will be the sole revenue source of CFD.
- The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by CFD.

Scope of Public Service and Financial Presentation

- CFD was created for the sole purpose of financially assisting the District.
- CFD is a non-profit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities. When CFD's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all CFD property will pass to the District for no additional consideration.
- CFD's financial activity is presented in the financial statements as the Debt Service for Blended Component Units Fund. Certificates of Participation issued by CFD are included in the government-wide financial statements.

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities

The District is associated with five public entity risk pools and one joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 15 to the financial statements. These organizations are:

- San Joaquin County Schools Workers' Compensation Insurance Group
- San Joaquin County Schools Property and Liability Insurance Group
- San Joaquin County Schools Data Processing Group
- Schools Association for Excess Liability Fund
- Northern California Regional Liability Excess Fund
- Central Valley Schools Health and Welfare Trust

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

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

Governmental Funds

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

The following are the District's major and non-major governmental funds.

Major Governmental Funds

General Fund: The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

The District operates a Special Reserve Fund for Postemployment Benefit. This fund may be used pursuant to *Education Code* Section 42840 to account for amounts has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan. Amounts accumulated in this fund must be transferred back to the general fund for expenditure (*Education Code* Section 42842).

Non-Major Governmental Funds

Special Revenue Funds: The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities. The District maintains the following special revenue funds:

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

Charter School Fund: The Charter School Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds, continued

Special Revenue Funds, continued

Adult Education Fund: This fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs (*Education Code* Sections 52616 and 52501.5).

Child Development Fund: The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs (*Education Code* Sections 8200 and 8328).

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

Deferred Maintenance Fund: The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Projects Funds: The Capital Projects Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following capital project funds:

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

County School Facilities Fund: The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds, continued

Debt Service Funds: The Debt Service Funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

Debt Service for Blended Component Units Fund: The Debt Service for Blended Component Units Fund is used to account for debt service purposes of the Community Facilities District.

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund: Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a property and liability self-insurance fund that is accounted for in an internal service fund.

Fiduciary Funds: Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Agency Fund: Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations. The District's agency fund accounts for scholarship trust fund.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting – Measurement Focus

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.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identified the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting – Measurement Focus, continued

Fund Financial Statements, continued

Proprietary Funds: Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds: Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. 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-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain gains, and other local sources. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting – Measurement Focus, continued

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2025, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Accounts Receivable

Accounts receivable include amounts due from the Local Control Fund Formula (LCFF), Federal, State and/or local governments, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of charges for other services. The District does not provide for an allowance for uncollectible accounts as an estimation of amounts that may not be received. Accounts receivable at June 30, 2025 are deemed fully collectible.

Inventory

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by non-spendable fund balance which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's cafeteria inventory valuation is First-in-First-out (FIFO).

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Right-to-Use Assets

The District has recorded right-to-use assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

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

Pensions

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

Interfund Balances (Due to/from)

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

Accrued Liabilities and Long-Term Obligations

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

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Premiums and Discounts

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absences liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Flow Assumption: When determining the amounts due within one year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The amount due within one year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

Under applicable California law, credit for unused sick leave is available at retirement. Classified employees retiring after January 1, 1999, receive 0.004 year of CalPERS service credit for each day of unused sick leave. Certificated employees receive CalSTRS service credit for unused sick leave, calculated by dividing unused sick days by the number of base service days required to complete the last school year, if employed full-time. This conversion to service credit is administered by the pension systems and does not create a direct financial liability of the District.

Postemployment Benefits Other Than Pensions (OPEB)

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Reporting

The District reports fund balance within one of the following categories:

Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Governing Board (the district's highest level of decision-making authority).

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy - For funds that are determined to fall within the "Committed Fund Balance" classification, the Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements.

Assigned Fund Balance Policy - Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The District delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the financial statements.

Minimum Fund Balance Policy- The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3 percent of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

Order of Fund Balance Spending Policy - For which amounts in any of the unrestricted fund balance classifications could be used, the District's policy is to apply expenditures in the following order: committed, assigned, and then unassigned.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Reporting, continued

First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balances amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balances for the non-general fund.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues include other local sources. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition such as interest revenue are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

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

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this Statement is reflected in Notes 9 and 16.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management has determined that the adoption of this Statement did not have any material impact on the District's financial statements.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

NOTE 2 – CASH AND CASH EQUIVALENTS

Summary of Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2025, are classified in the accompanying financial statements as follows:

	Governmental Funds	Self-Insurance Fund	Governmental Activities	Fiduciary Fund
Cash in county treasury	\$ 111,417,852	\$ 1,527,975	\$ 112,945,827	\$ -
Cash on hand and in banks	498,253	-	498,253	459,347
Cash in revolving fund	15,000	-	15,000	-
Total	\$ 111,931,105	\$ 1,527,975	\$ 113,459,080	\$ 459,347

Policies and Practices

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Policies and Practices, continued

Cash in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

Authorized Investment Type	Maximum 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%	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

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 primarily investing in the San Joaquin County Investment Pool.

Fair Value Measurements

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

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

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

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

Uncategorized - Investments in the San Joaquin 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.

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 present in the following schedule:

Investment Type:	Fair Value	Maturity
San Joaquin County Investment Pool	\$ 112,945,827	707 Days

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 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, \$839,305 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Federal Government					
Categorical aid	\$ 2,466,549	792,475	\$ 3,259,024	\$ -	\$ 3,259,024
State Government					
Categorical aid	2,006,815	314,907	2,321,722	-	2,321,722
Lottery	608,475	27,876	636,351	-	636,351
LCFF	4,149	-	4,149	-	4,149
Local Government					
Interest	711,386	243,087	954,473	17,146	971,619
Other local sources	1,070,148	429,644	1,499,792	-	1,499,792
Total	\$ 6,867,522	\$ 1,807,989	\$ 8,675,511	\$ 17,146	\$ 8,692,657

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – LEASE RECEIVABLE AND ARRANGEMENTS

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on non-cancellable leases at June 30, 2025 are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2026	\$ 32,951	\$ 5,449	\$ 38,400	
2027	33,953	4,447	38,400	
2028	34,986	3,414	38,400	
2029	36,050	2,350	38,400	
2030	37,146	1,254	38,400	
2031-2032	24,777	623	25,400	
Total	\$ 199,863	\$ 17,537	\$ 217,400	

The District leases space on its campuses to cellular companies. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District's incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the year ended June 30, 2025, the District recognized revenues related to these lease agreements totaling \$38,400. During the year ended June 30, 2025, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payments
Other - Cell Towers	3	3.00%	09/01/1996 - 05/01/2032	\$ 38,400

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS AND RIGHT-TO-USE ASSETS

Capital assets and right-to-use assets activity for the fiscal year ended June 30, 2025, was as follows

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets not Being Depreciated				
Land	\$ 18,141,034	\$ -	\$ -	\$ 18,141,034
Construction in progress	12,262,586	7,940,173	11,490,120	8,712,639
Total Capital Assets not Being Depreciated	30,403,620	7,940,173	11,490,120	26,853,673
Capital Assets Being Depreciated				
Land improvements	30,766,554	3,522,532	-	34,289,086
Buildings and improvements	215,203,667	6,310,249	-	221,513,916
Furniture and equipment	10,342,626	928,946	-	11,271,572
Total Capital Assets Being Depreciated	256,312,847	10,761,727	-	267,074,574
Total Capital Assets	286,716,467	18,701,900	11,490,120	293,928,247
Less: Accumulated Depreciation				
Land improvements	13,909,744	6,928,164	-	20,837,908
Buildings and improvements	122,858,540	1,478,752	-	124,337,292
Furniture and equipment	6,838,222	641,673	-	7,479,895
Total Accumulated Depreciation	143,606,506	9,048,589	-	152,655,095
Capital Assets, Net	143,109,961	9,653,311	11,490,120	141,273,152
Right-to-use assets				
Leased - others	937,796	-	-	937,796
Total Right-to-Use Assets	937,796	-	-	937,796
Less: Accumulated Amortization				
Leased - others	280,222	62,520	-	342,742
Total Accumulated Amortization	280,222	62,520	-	342,742
Right-to-Use Assets, Net	657,574	(62,520)	-	595,054
Capital Assets and Right-to-Use Assets, Net	\$ 143,767,535	\$ 9,590,791	\$ 11,490,120	\$ 141,868,206

Depreciation and amortization expenses of \$9,048,589 and \$62,520, respectively, were reported as an unallocated expenses within governmental functions.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances for the year ended June 30, 2025 consisted of the following:

Payable Fund	Receivable Fund			
	General Fund	Non-Major Governmental Funds	Self-Insurance Fund	Total
General Fund	\$ -	\$ 1,031,516	\$ 152,299	\$ 1,183,815
Non-Major Governmental Funds	2,476,113	763,824	-	3,239,937
Total	\$ 2,476,113	\$ 1,795,340	\$ 152,299	\$ 4,423,752

Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Interfund Transfer Out	Interfund Transfer In		
	Non-Major Governmental Funds	Self-Insurance Fund	Total
General Fund	\$ 2,642,483	\$ 1,020,988	\$ 3,663,471
Total	\$ 2,642,483	\$ 1,020,988	\$ 3,663,471

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

NOTE 7 – ACCRUED LIABILITIES

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Payroll and related	\$ 3,351,436	\$ 98,715	\$ 3,450,151	\$ -	\$ 3,450,151
Vendors payable	8,124,238	686,495	8,810,733	30,747	8,841,480
Total	\$ 11,475,674	\$ 785,210	\$ 12,260,884	\$ 30,747	\$ 12,291,631

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total Governmental
Federal Government			
Categorical aid	\$ 11,926	\$ -	\$ 11,926
State Government			
Other state sources	706,845	263,615	970,460
Total	<u>\$ 718,771</u>	<u>\$ 263,615</u>	<u>\$ 982,386</u>

NOTE 9 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities during the year consisted of the following:

	Balance July 01, 2024	Adjustments (Note 17)	Adjusted Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due in One Year
Governmental Activities							
General obligation bonds	\$ 55,833,226	\$ -	\$ 55,833,226	\$ -	\$ 4,270,103	\$ 51,563,123	\$ 4,268,982
Unamortized premiums	5,311,437	-	5,311,437	-	635,759	4,675,678	621,275
Accreted interest on bonds	32,457,629	(3,667,885)	28,789,744	2,591,753	266,951	31,114,546	2,171,685
Community facilities on bonds	11,571,568	-	11,571,568	-	2,060,000	9,511,568	942,148
Certificates of participation (COP)	6,900,000	-	6,900,000	-	765,000	6,135,000	795,000
Lease liability	851,757	-	851,757	-	22,760	828,997	23,824
Compensated absences	414,487	8,715,963	9,130,450	-	246,771	8,883,679	1,650,756
Net pension liability	101,045,816	-	101,045,816	-	6,162,418	94,883,398	-
Net OPEB liability	13,484,186	-	13,484,186	-	2,574,076	10,910,110	-
Total	<u>\$ 227,870,106</u>	<u>\$ 5,048,078</u>	<u>\$ 232,918,184</u>	<u>\$ 2,591,753</u>	<u>\$ 17,003,838</u>	<u>\$ 218,506,099</u>	<u>\$ 10,473,670</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund from local property tax revenues. Payments on the certificates of participation are made by the debt service for blended component units fund. The compensated absences are paid for by the funds for which the employees worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Series	July 01, 2024	Additions	Deductions	June 30, 2025	Due within one year
Series 2005	\$ 1,969,380	\$ -	\$ -	\$ 1,969,380	\$ -
Series 2006	4,888,292	-	-	4,888,292	480,769
Series 2007	2,256,411	-	126,856	2,129,555	128,966
Series 2008	1,770,019	-	94,247	1,675,772	94,247
Series 2012A	567,124	-	-	567,124	-
Series 2012A1	3,665,000	-	300,000	3,365,000	305,000
Series 2012B	320,000	-	320,000	-	-
Series 2012C	17,420,000	-	350,000	17,070,000	410,000
Series 2013 Refunding	7,295,000	-	2,215,000	5,080,000	2,430,000
Series 2018 Refunding 1	512,000	-	512,000	-	-
Series 2018 Refunding 2	490,000	-	42,000	448,000	5,000
Series 2024 Refunding	14,680,000	-	310,000	14,370,000	415,000
Total	<u>\$ 55,833,226</u>	<u>\$ -</u>	<u>\$ 4,270,103</u>	<u>\$ 51,563,123</u>	<u>\$ 4,268,982</u>

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Series 2005

On February 16, 2005, the District issued General Obligation Bonds totaling \$29,999,379. These serial bonds with interest rates from 3.00% to 6.75% were scheduled to mature in varying amounts through August 2029. With the issuance of the 2013 Refunding Bonds, \$22,615,000 of the 2005 bonds outstanding at June 30, 2013 was considered defeased.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	675,343	2,319,657	2,995,000
2029	656,241	2,453,759	3,110,000
2030	637,796	2,592,204	3,230,000
Accretion	5,636,702	(5,636,702)	-
Total	\$ 7,606,082	\$ 1,728,918	\$ 9,335,000

Series 2006

On October 25, 2006, the District issued General Obligation Bonds totaling \$12,863,292. These serial bonds with interest rates from 4.00% to 6.82% mature in varying amounts through August 2031.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ 480,769	\$ 669,231	\$ 1,150,000
2027	480,987	729,013	1,210,000
2028	476,053	783,947	1,260,000
2029	473,841	846,159	1,320,000
2030	472,174	912,826	1,385,000
2031-2032	2,504,468	7,290,532	9,795,000
Accretion	7,925,050	(7,925,050)	-
Total	\$ 12,813,342	\$ 3,306,658	\$ 16,120,000

Series 2007

On August 17, 2007, the District issued General Obligation Bonds totaling \$4,507,885. These serial bonds with interest rates from 3.95% to 5.72% mature in varying amounts through August 2032.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ 128,966	\$ 176,034	\$ 305,000
2027	130,497	194,503	325,000
2028	133,402	216,598	350,000
2029	133,810	236,190	370,000
2030	135,497	259,503	395,000
2031-2033	1,467,383	4,257,617	5,725,000
Accretion	3,360,059	(3,360,059)	-
Total	\$ 5,489,614	\$ 1,980,386	\$ 7,470,000

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Series 2008

On March 14, 2008, the District issued General Obligation Bonds totaling \$2,625,860. These serial bonds mature in varying amounts through February 2033 with interest rates from 5.75% to 6.30%. With this issuance, all Measure P General Obligation Bond funds authorized have been issued.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ 94,247	\$ 118,568	\$ 212,815
2027	94,247	128,797	223,044
2028	92,323	136,670	228,993
2029	94,247	150,753	245,000
2030	89,235	160,040	249,275
2031-2033	1,211,473	2,732,653	3,944,126
Accretion	2,154,207	(2,154,207)	-
Total	\$ 3,829,979	\$ 1,273,274	\$ 5,103,253

Series 2012A

On February 1, 2012, the District issued General Obligation Bonds totaling \$9,297,123. These serial bonds with interest rates from 2.50% to 5.39% mature in varying amounts through August 2034.

Series 2012A:

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ -	\$ -	\$ -
2027	15,357	14,643	30,000
2028	28,974	31,026	60,000
2029	40,944	49,056	90,000
2030	51,444	68,556	120,000
2031-2035	430,405	794,595	1,225,000
Accretion	529,152	(529,152)	-
Total	\$ 1,096,276	\$ 428,724	\$ 1,525,000

Series 2012A1:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 305,000	\$ 164,742	\$ 469,742
2027	310,000	150,480	460,480
2028	320,000	135,871	455,871
2029	325,000	119,860	444,860
2030	330,000	102,549	432,549
2031-2035	1,775,000	238,795	2,013,795
Total	\$ 3,365,000	\$ 912,297	\$ 4,277,297

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Series 2012B

On April 1, 2014, the District issued General Obligation Bonds totaling \$14,000,000. These serial bonds with interest rates from 4.00% to 5.00% mature in varying amounts through August 2038. In FY 2024-25. The final payment of \$320,000 was made during fiscal year 2024-25.

Series 2013 Refunding

On February 1, 2013, the District issued \$21,445,000 of General Obligation Refunding Bonds to refund a portion, \$22,615,000, of the District's outstanding Election of 2004, Series 2005 bonds and to pay costs of issuing the Refunding Bonds. The bonds mature in varying amounts through August 2026 with interest rates from 2.0% to 5.0%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,430,000	\$ 140,250	\$ 2,570,250
2027	2,650,000	39,750	2,689,750
Total	\$ 5,080,000	\$ 180,000	\$ 5,260,000

Series 2012C

On July 21, 2015, the District issued \$18,460,000 of General Obligation Bonds to finance the acquisition and construction of school facilities project in the District. These Election Bonds of 2012 Series C has an interest rate from 2.00% to 5.00% and matures in varying amounts through August 2039.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 410,000	\$ 728,525	\$ 1,138,525
2027	465,000	706,650	1,171,650
2028	535,000	681,650	1,216,650
2029	610,000	658,363	1,268,363
2030	680,000	631,450	1,311,450
2031-2035	4,690,000	2,614,275	7,304,275
2036-2040	9,680,000	1,272,850	10,952,850
Total	\$ 17,070,000	\$ 7,293,763	\$ 24,363,763

Series 2018

On February 28, 2018, the District issued \$6,636,000 of General Obligation Refunding Bonds to refund the outstanding maturities of the Lincoln Unified School District General Obligation Bonds Election of 2004, Series 2006, maturing August 1, 2018 through August 1, 2024, in the aggregate principal amount of \$6,505,000. The Bonds shall mature on August 1, 2032 and bear interest at a rate of 2.56%.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Series 2018, continued

Series 2018 Refunding 1: The final payment of \$512,000 was made during fiscal year 2024-25.

Series 2018 Refunding 2:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 5,000	\$ 13,723	\$ 18,723
2027	5,000	13,569	18,569
2028	5,000	13,416	18,416
2029	4,000	13,262	17,262
2030	5,000	13,124	18,124
2031-2033	424,000	28,981	452,981
Total	\$ 448,000	\$ 96,075	\$ 544,075

Series 2024 Refunding

On February 21, 2024, the District issued \$14,680,000 of 2024 General Obligation Refunding Bonds to refinance the District's General Obligation Bonds Election of 2012, Series A, maturing on August 1, 2024 through August 1, 2037, and the District's General Obligation Bonds Election of 2012, Series B, maturing on August 1, 2025 through August 1, 2038, and to pay costs of issuance. The Bonds shall mature on August 1, 2038 and bear interest at a rate of 5.00%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 415,000	\$ 718,500	\$ 1,133,500
2027	460,000	697,750	1,157,750
2028	500,000	674,750	1,174,750
2029	555,000	649,750	1,204,750
2030	610,000	622,000	1,232,000
2031-2035	3,905,000	2,603,500	6,508,500
2036-2039	7,925,000	989,500	8,914,500
Total	\$ 14,370,000	\$ 6,955,750	\$ 21,325,750

Community Facilities Bond

The outstanding Community Facilities bonded debt is as follows:

Community Facilities Bonds	July 1, 2024	Additions	Deductions	June 30, 2025	Due within one year
2005 Special Tax Bond	\$ 6,460,815	\$ -	\$ -	\$ 6,460,815	\$ 722,148
2007 Special Tax Bond	145,753	-	-	145,753	-
2017 Special Tax Bond	4,965,000	-	2,060,000	2,905,000	220,000
Total	\$ 11,571,568	\$ -	\$ 2,060,000	\$ 9,511,568	\$ 942,148

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

Community Facilities Bond, continued

2005 Special Tax Bond

On December 16, 2005, the District issued \$14,995,814 in Special Tax Bonds with interest rates ranging from 3.25% to 5.31%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 722,148	\$ 1,207,852	\$ 1,930,000
2027	682,815	1,247,185	1,930,000
2028	646,909	1,288,091	1,935,000
2029	609,359	1,320,641	1,930,000
2030	575,159	1,354,841	1,930,000
2031-2035	2,426,856	7,228,144	9,655,000
2036-2037	797,569	3,072,431	3,870,000
Accretion	10,950,110	(10,950,110)	-
Total	\$ 17,410,925	\$ 5,769,075	\$ 23,180,000

2007 Special Tax Bond

On September 1, 2007, the District issued \$4,890,753 in Special Tax Bonds with interest rates ranging from 3.95% to 5.72%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031-2035	-	-	-
2036-2038	145,753	1,999,247	2,145,000
Accretion	559,266	(559,266)	-
Total	\$ 705,019	\$ 1,439,981	\$ 2,145,000

2017 Special Tax Bond

On December 20, 2016, The District issued \$16,615,000 in Special Tax Refunding Bonds with interest rates ranging from 2.00% to 5.00%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 220,000	\$ 119,319	\$ 339,319
2027	225,000	108,194	333,194
2028	230,000	99,119	329,119
2029	240,000	89,669	329,669
2030	250,000	77,419	327,419
2031-2035	1,425,000	209,854	1,634,854
2036	315,000	6,300	321,300
Total	\$ 2,905,000	\$ 709,874	\$ 3,614,874

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

Certificates of Participation

The outstanding Certificates of Participation debt is as follows:

Certificates of participation	July 1, 2024	Additions	Deductions	June 30, 2025	Due within one year
2016 COPs	\$ 1,175,000	\$ -	\$ 460,000	\$ 715,000	\$ 480,000
2019 COPs	5,725,000	-	305,000	5,420,000	315,000
Total	\$ 6,900,000	\$ -	\$ 765,000	\$ 6,135,000	\$ 795,000

2016 COPs

On December 20, 2016, the District issued Certificates of Participation in the amount of \$3,680,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be used to prepay the District's lease payment obligations under a lease agreement dated as of April 1, 2005, fund certain capital facilities of the District and purchase a municipal bond insurance policy and a reserve fund insurance policy for the Certificates, as well as any costs incurred in connection with the execution and delivery of the Certificates.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 480,000	\$ 23,750	\$ 503,750
2027	235,000	5,875	240,875
Total	\$ 715,000	\$ 29,625	\$ 744,625

2019 COPs

On November 6, 2019, the District issued Certificates of Participation in the amount of \$6,340,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be applied to finance capital facility improvement projects in the District.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 315,000	\$ 234,650	\$ 549,650
2027	330,000	221,750	551,750
2028	340,000	208,350	548,350
2029	355,000	192,675	547,675
2030	375,000	174,425	549,425
2031-2035	2,160,000	568,375	2,728,375
2036-2038	1,545,000	94,300	1,639,300
Total	\$ 5,420,000	\$ 1,694,525	\$ 7,114,525

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM LIABILITIES, continued

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payments
Parking lots	2	3.00%	7/15/2016 - 06/30/2051	\$ 43,916

Future minimum lease payments on noncancellable leases at June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 23,824	\$ 21,163	\$ 44,987
2027	24,928	21,933	46,861
2028	26,076	21,169	47,245
2029	27,268	20,371	47,639
2030	28,506	19,536	48,042
2031-2035	162,846	90,079	252,925
2036-2040	201,765	71,062	272,827
2041-2045	150,696	51,598	202,294
2046-2050	150,243	39,376	189,619
2051	32,845	5,027	37,872
Total	\$ 828,997	\$ 361,314	\$ 1,190,311

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences was \$8,883,679.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – FUND BALANCES

Fund balances with reservations and designations are comprised of the following elements:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable			
Revolving cash	\$ 15,000	\$ -	\$ 15,000
Stores inventory	185,225	144,033	329,258
Total nonspendable	200,225	144,033	344,258
Restricted			
Educational programs	14,926,979	2,697,266	17,624,245
Debt service	-	9,449,706	9,449,706
Capital projects	1,076,857	5,665,960	6,742,817
Child nutrition	-	2,486,396	2,486,396
Student activity funds	-	497,253	497,253
Other restrictions	3,621,764	19,859	3,641,623
Total restricted	19,625,600	20,816,440	40,442,040
Committed			
Other commitments	22,915,000	-	22,915,000
Total committed	22,915,000	-	22,915,000
Assigned			
Deferred maintenance	-	6,032,888	6,032,888
Other postemployment benefits	14,450,503	-	14,450,503
Other assignments	-	2,786,167	2,786,167
Total assigned	14,450,503	8,819,055	23,269,558
Unassigned			
Reserve for economic uncertainties	5,036,644	-	5,036,644
Remaining unassigned	15,591,493	-	15,591,493
Total unassigned	20,628,137	-	20,628,137
Total Fund Balance	\$ 77,819,465	\$ 29,779,528	\$ 107,598,993

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)

Net Other Post Employment Benefit (OPEB) Liability/(Asset)

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

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 10,595,904	\$ 896,326	\$ 3,722,445	\$ 359,915
MPP Program	314,206	-	-	(43,072)
Total	\$ 10,910,110	\$ 896,326	\$ 3,722,445	\$ 316,843

The details of each plan are as follows:

District Plan

Plan Description and Contribution

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Lincoln Unified School District. The Plan provides medical, dental and vision insurance benefits to eligible retirees. These benefits are offered as a package through California's Valued Trust (CVT). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups.

Benefits Provided

Retirees' spouses and eligible dependent children may be covered under the medical/Rx plans; however, the present level of the District caps relative to the premiums results in de facto retiree-only coverage. The same comment holds true for dental and vision coverage. Retirees pay the difference between the total premium and the District cap if they elect to cover dependents under the plan.

	Certificated	Classified	Management Confidential Supervisory
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	To Age 65	To Age 65	To Age 65
Required Service	10 years*	20 years	10 years*
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$1,000/month	\$1,000/month	\$1,000/month

*15 years if hired after July 1, 2007

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

District Plan, continued

Employees Covered by Benefit Terms

At June 30, 2024 valuation date, the following employees were covered by the benefit terms:

	Number of Participants
Inactive Employees Receiving Benefits	30
Active Employees	857
Total	<u>887</u>

Net OPEB Liability/(Asset)

The District's net OPEB liability of \$10,595,904 for the Plan 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 measurement dates.

Actuarial Assumptions

Valuation date	June 30, 2024
Measurement date	June 30, 2025
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry Age, Level Percent of Pay
Inflation rate	2.50%
Discount rate	5.20%
Salary increase	3.00%
Healthcare cost trend rate	7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2025-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years.
Preretirement Mortality	Certificated - Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Classified - Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Certificated - Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Classified - Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

District Plan, continued

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

Actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2024.

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2024	\$ 13,126,908	\$ -	\$ 13,126,908
Changes for the year:			
Service cost	667,005	-	667,005
Interest	453,225	-	453,225
Employer contributions	-	570,781	(570,781)
Difference between expected and actual experience	(1,568,262)	-	(1,568,262)
Changes of assumptions	(1,512,191)	-	(1,512,191)
Expected benefit payments ¹	(570,781)	(570,781)	-
Net change	(2,531,004)	-	(2,531,004)
Balance June 30, 2025	\$ 10,595,904	\$ -	\$ 10,595,904

¹ Includes \$439,773 of pay-as-you-go contributions made from sources outside of trust, plus an implicit subsidy amount of \$131,008.

Sensitivity of the District's Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the District's net OPEB liability/(asset) calculated using the discount rate of 5.20%, as well as what the District's net OPEB liability(asset) would be if there were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB liability/(asset)	\$11,392,497	\$10,595,904	\$9,843,319

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

District Plan, continued

Sensitivity of the District's Net OPEB Liability/(Asset) to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using assumed trend rates, as well as what the District's proportionate share of net OPEB liability/(asset) would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability/(asset)	\$9,397,610	\$10,595,904	\$12,008,226

OPEB Expense/(Benefit), and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$359,915. At June 30, 2025, the District reported the following deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,396	\$ 1,435,843
Change of assumptions	683,930	2,286,602
Total	\$ 896,326	\$ 3,722,445

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (189,534)
2027	(205,079)
2028	(369,584)
2029	(406,403)
2030	(406,630)
Thereafter	(1,248,889)
Total	\$ (2,826,119)

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2024 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

Contributions

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

Net OPEB Liability/(Asset) and OPEB Expense/(Benefit)

At June 30, 2025, the District reported a liability of \$314,206 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability/(asset) was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods ended June 30, 2024, and June 30, 2023, was 0.118 percent for both years, resulting in no change in the proportionate share.

For the year ended June 30, 2025, the District recognized an OPEB benefit of (\$43,072).

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.93%
Medicare Part A Premium	
Cost Trend Rate*	5.00%
Medicare Part B Premium	
Cost Trend Rate*	6.50%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

*The assumed increases in the Medicare Part A and Part B cost trend rates vary by year; however, the increases are approximately equivalent to a 5.0% and 6.5% increase each year for Medicare Part A and Part B premiums, respectively.

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP– 2021 Ultimate Projection Scale.

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

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program, continued

Discount Rate

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

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

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

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB Liability/(Asset) - MPP Program	\$ 339,021	\$ 314,206	\$ 292,387

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

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

	1% Decrease (4.00% Part A and 5.50% Part B)	Medicare Cost Trend Rate (5.00% Part A and 6.50% Part B)	1% Increase (6.00% Part A and 7.50% Part B)
Net OPEB Liability/(Asset) - MPP Program	\$ 291,078	\$ 314,206	\$ 340,028

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended June 30, 2025, the District contracted for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For the fiscal year June 30, 2025, the District participated in the San Joaquin County Schools Workers' Compensation Insurance Group, an insurance purchasing pool. The intent of the San Joaquin County Schools Workers' Compensation Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Joaquin County Schools Workers' Compensation Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Joaquin County Schools Workers' Compensation Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity-pooling" arrangement ensures that each participant shares equally in the overall performance of the San Joaquin County Schools Workers' Compensation Insurance Group. Participation in the San Joaquin County Schools Workers' Compensation Insurance Group is limited to districts that can meet the San Joaquin County Schools Workers' Compensation Insurance Group selection criteria.

Insurance Program/Company Name	Type of Coverage	Limits
San Joaquin County W/C JPA (PIPS)	Worker's Compensation	\$1,000,000
Norcal ReLief	General Liability	\$5,000,000 with \$50,000 retention
	Automobile	\$5,000,000 with \$50,000 retention
	Property	\$250,250,000 with \$25,000 retention
	Student Professional Liability	Included with \$50,000 retention

Employee Medical Benefits

The District has contracted with the Self Insured Schools of California to provide employee medical and surgical benefits for all employees. The entity is a shared risk pool comprised of school districts throughout the state. Rates are set through an annual calculation process. The District pays a monthly contribution to the entity, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 54,271,593	\$ 22,432,815	\$ 6,704,805	\$ 4,920,975
CalPERS	40,611,805	13,111,002	1,090,790	6,859,898
Total	\$ 94,883,398	\$ 35,543,817	\$ 7,795,595	\$ 11,780,873

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

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

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

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions

The parameters for employer and state contribution rates for the DB Program 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. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were \$11,050,970.

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

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

District's proportionate share of the net pension liability	\$	54,271,593
State's proportionate share of the net pension liability associated with the District		24,900,376
Total	\$	<u>79,171,969</u>

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.081 percent and 0.080 percent, resulting in an increase of 0.001 percent in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$4,920,975. In addition, the District recognized pension expense and revenue of \$2,272,503 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 221,732
Differences between expected and actual experience	6,139,510	2,374,767
Changes in assumptions	237,570	3,706,218
Net changes in proportionate share of net pension liability	5,004,765	402,088
District contributions subsequent to the measurement date	11,050,970	-
Total	\$ 22,432,815	\$ 6,704,805

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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 Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,200,733)
2027	6,033,746
2028	639,869
2029	(69,542)
2030	539,898
Thereafter	(266,198)
Total	\$ 4,677,040

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

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

The long-term 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 our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

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

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

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 96,531,405	\$ 54,271,593	\$ 18,982,896

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	27.05%	27.05%

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. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$6,780,284.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$40,611,805. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.114 percent and 0.112 percent, resulting in a net increase in the proportionate share of 0.002 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$6,859,898. 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
Difference between projected and actual earnings on plan investments	\$ 1,577,534	\$ -
Differences between expected and actual experience	3,404,706	290,657
Changes in assumptions	897,658	-
Net changes in proportionate share of net pension liability	450,820	800,133
District contributions subsequent to the measurement date	6,780,284	-
Total	\$ 13,111,002	\$ 1,090,790

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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 Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,779,159
2027	3,532,137
2028	315,083
2029	(386,451)
Total	\$ 5,239,928

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 60,329,177	\$ 40,611,805	\$ 24,323,689

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,027,843. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee’s gross earnings and employees are required to contribute an additional 6.2% of gross earnings.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

NOTE 15 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the San Joaquin County School Workers' Compensation Insurance Group, the San Joaquin County Schools Property and Liability Insurance Group public entity risk pools, the San Joaquin County Schools Data Processing Center Joint Power Authorities (JPA), the Northern California Regional Liability Excess Fund, Schools Association for Excess Risk, and the Central Valley Schools Health and Welfare Trust. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities. The District's share of year-end assets, liabilities, or fund equity has not been calculated. Audited financial statements are available from the respective entities.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Beginning net position of governmental activities and beginning fund balances were restated as follows:

	Governmental Funds			
	Governmental Activities	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Non-Major Governmental Funds
Beginning Balance- previously reported at June 30, 2024	\$ 63,025,688	\$ 3,625,687	\$ 7,788,606	\$ 23,104,581
Change in accounting principle (GASB 101)	(8,715,963)	-	-	-
Change from major to non-major fund (GASB 100)	-	-	(7,788,606)	7,788,606
Correction to accreted interest on bonds	3,667,885	-	-	-
Correction to local revenue	(694,169)	(694,169)	-	(694,169)
Beginning Balance - as restated at June 30, 2024	\$ 57,283,441	\$ 2,931,518	\$ -	\$ 30,199,018

NOTE 17 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through December 12, 2025, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual *	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 110,464,653	\$ 113,094,836	\$ 112,585,778	\$ (509,058)
Federal sources	5,411,026	7,244,509	6,477,049	(767,460)
Other state sources	15,489,365	17,106,124	18,579,852	1,473,728
Other local sources	3,714,353	6,586,963	9,551,223	2,964,260
Total Revenues	135,079,397	144,032,432	147,193,902	3,161,470
EXPENDITURES				
Certificated salaries	58,737,523	60,897,050	60,303,477	593,573
Classified salaries	24,291,630	23,987,574	24,625,443	(637,869)
Employee benefits	36,312,039	33,770,432	33,807,621	(37,189)
Books and supplies	8,437,695	14,967,651	9,730,575	5,237,076
Services and other operating expenditures	11,885,715	17,901,913	20,990,567	(3,088,654)
Capital outlay	1,332,275	3,651,384	2,234,662	1,416,722
Other outgo				
Excluding transfers of indirect costs	2,721,174	2,468,206	2,434,613	33,593
Transfers of indirect costs	(667,034)	(688,522)	(395,258)	(293,264)
Total Expenditures	143,051,017	156,955,688	153,731,700	3,223,988
Excess/(Deficiency) of Revenues				
Over Expenditures	(7,971,620)	(12,923,256)	(6,537,798)	6,385,458
OTHER FINANCING SOURCES/(USES)				
Transfers out	5,666,548	3,654,309	(3,663,471)	(7,317,780)
Other Financing Sources/(Uses), Net	5,666,548	3,654,309	(3,663,471)	(7,317,780)
NET CHANGE IN FUND BALANCES	(2,305,072)	(9,268,947)	(10,201,269)	(932,322)
FUND BALANCES - BEGINNING	73,570,231	73,570,231	73,570,231	-
FUND BALANCES - ENDING	\$ 71,265,159	\$ 64,301,284	\$ 63,368,962	\$ (932,322)

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the following reason:

The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Fund 20, Special Reserve Fund for Postemployment Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 667,005	\$ 893,409	\$ 891,982	\$ 856,422
Interest	453,225	501,857	454,346	244,371
Difference between expected and actual experience	(1,568,262)	-	(27,672)	-
Changes of assumptions	(1,512,191)	(105,135)	316,364	(1,548,425)
Benefit payments	(570,781)	(537,500)	(474,050)	(418,638)
Net change in total OPEB liability	(2,531,004)	752,631	1,160,970	(866,270)
Total OPEB liability, beginning of year	13,126,908	12,374,277	11,213,307	12,079,577
Total OPEB liability, end of year (a)	\$ 10,595,904	\$ 13,126,908	\$ 12,374,277	\$ 11,213,307
Plan fiduciary net position				
Employer contributions	\$ 570,781	\$ 537,500	\$ 474,050	\$ 418,638
Expected benefit payments	(570,781)	(537,500)	(474,050)	(418,638)
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 10,595,904	\$ 13,126,908	\$ 12,374,277	\$ 11,213,307
Covered payroll	\$ 75,682,423	\$ 70,012,605	\$ 59,887,072	\$ 56,408,571
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	14.00%	18.75%	20.66%	19.88%
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 762,008	\$ 657,729	\$ 610,042	\$ 409,823
Interest	283,734	327,796	327,730	283,886
Difference between expected and actual experience	107,886	-	770,288	-
Changes of assumptions	374,656	527,842	613,658	-
Benefit payments	(495,410)	(558,988)	(495,900)	(533,971)
Net change in total OPEB liability	1,032,874	954,379	1,825,818	159,738
Total OPEB liability, beginning of year	11,046,703	10,092,324	8,266,506	8,106,768
Total OPEB liability, end of year (a)	\$ 12,079,577	\$ 11,046,703	\$ 10,092,324	\$ 8,266,506
Plan fiduciary net position				
Employer contributions	\$ 495,410	\$ 558,988	\$ 495,900	\$ 533,971
Expected benefit payments	(495,410)	(558,988)	(495,900)	(533,971)
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 12,079,577	\$ 11,046,703	\$ 10,092,324	\$ 8,266,506
Covered payroll	\$ 66,101,560	\$ 60,441,183	\$ 64,248,231	\$ 58,911,516
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	18.27%	18.28%	15.71%	14.03%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Actuarially determined contribution	\$ 570,781	\$ 468,095	\$ 374,496	\$ 450,223
Contributions in relations to the actuarially determined contribution	570,781	398,237	351,226	318,404
Contribution deficiency/(excess)	\$ -	\$ 69,858	\$ 23,270	\$ 131,819
Covered-employee payroll	\$ 75,682,423	\$ 70,012,605	\$ 59,887,072	\$ 56,408,571
Contribution as a percentage of covered-employee payroll	0.75%	0.57%	0.59%	0.56%
	2021	2020	2019	2018*
Actuarially determined contribution	\$ 398,973	\$ 478,691	\$ 402,153	\$ -
Contributions in relations to the actuarially determined contribution	380,056	558,988	495,500	533,971
Contribution deficiency/(excess)	\$ 18,917	\$ (80,297)	\$ (93,347)	\$ (533,971)
Covered-employee payroll	\$ 66,101,560	\$ 60,441,183	\$ 64,248,231	\$ 58,911,516
Contribution as a percentage of covered-employee payroll	0.57%	0.92%	0.77%	0.91%

*An actuarially determined contribution was not calculated.

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

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET) –
MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
District's proportion of the net OPEB liability/(asset)	0.118%	0.118%	0.111%	0.119%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 314,206	\$ 357,278	\$ 366,477	\$ 374,887
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-1.02%	-0.96%	-0.94%	-0.80%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net OPEB liability/(asset)	0.131%	0.119%	0.123%	0.123%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 554,749	\$ 444,150	\$ 469,607	\$ 469,607
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

*As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not

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

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	(Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.081%	0.080%	0.074%	0.075%	0.085%
District's proportionate share of the net pension liability	\$ 54,271,593	\$ 60,626,782	\$ 51,516,314	\$ 33,970,390	\$ 82,028,819
State's proportionate share of the net pension liability associated with the District	24,900,376	29,048,521	25,799,521	17,092,938	42,285,524
Total	\$ 79,171,969	\$ 89,675,303	\$ 77,315,835	\$ 51,063,328	\$ 124,314,343
District's covered - employee payroll	\$ 53,405,764	\$ 48,810,979	\$ 45,016,785	\$ 43,531,709	\$ 41,821,600
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	102%	124%	114%	78%	196%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.114%	0.112%	0.115%	0.117%	0.115%
District's proportionate share of the net pension liability	\$ 40,611,805	\$ 40,419,034	\$ 39,630,542	\$ 23,816,603	\$ 35,372,033
District's covered - employee payroll	\$ 22,309,888	\$ 19,439,704	\$ 17,647,320	\$ 16,807,527	\$ 16,616,576
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	182%	208%	225%	142%	213%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	(Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.077%	0.078%	0.073%	0.074%	0.082%
District's proportionate share of the net pension liability	\$ 69,694,899	\$ 71,703,849	\$ 67,454,078	\$ 59,697,245	\$ 55,018,091
State's proportionate share of the net pension liability associated with the District	38,023,527	41,055,781	39,905,263	33,984,577	29,098,505
Total	\$ 107,718,426	\$ 112,759,630	\$ 107,359,341	\$ 93,681,822	\$ 84,116,596
District's covered - employee payroll	\$ 45,646,085	\$ 42,132,940	\$ 39,169,193	\$ 38,121,156	\$ 35,506,404
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	153%	170%	172%	157%	155%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.117%	0.111%	0.109%	0.108%	0.104%
District's proportionate share of the net pension liability	\$ 34,055,717	\$ 29,660,058	\$ 26,084,150	\$ 21,375,330	\$ 15,315,572
District's covered - employee payroll	\$ 16,276,998	\$ 14,963,807	\$ 13,642,456	\$ 12,961,213	\$ 11,626,661
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	209%	198%	191%	165%	132%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 11,050,970	\$ 10,200,501	\$ 9,322,897	\$ 7,616,840	\$ 7,030,371
District's contributions in relation to the statutorily required contribution	11,050,970	10,200,501	9,322,897	7,616,840	7,030,371
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 57,858,482	\$ 53,405,764	\$ 48,810,979	\$ 45,016,785	\$ 43,531,709
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 6,780,284	\$ 5,952,278	\$ 4,931,853	\$ 4,043,001	\$ 3,479,158
District's contributions in relation to the statutorily required contribution	6,780,284	5,952,278	4,931,853	4,043,001	3,479,158
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,065,745	\$ 22,309,888	\$ 19,439,704	\$ 17,647,320	\$ 16,616,576
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.94%

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 7,582,256	\$ 7,431,183	\$ 6,023,590	\$ 4,927,203	\$ 4,083,781
District's contributions in relation to the statutorily required contribution	7,582,256	7,431,183	6,023,590	4,927,203	4,083,781
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 41,821,600	\$ 45,646,085	\$ 42,132,940	\$ 39,169,193	\$ 38,121,156
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.30%	12.58%	10.71%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,276,955	\$ 2,939,951	\$ 2,319,233	\$ 1,894,650	\$ 1,530,519
District's contributions in relation to the statutorily required contribution	3,276,955	2,939,951	2,319,233	1,894,650	1,530,519
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,276,998	\$ 14,963,807	\$ 14,963,807	\$ 13,642,456	\$ 12,961,213
District's contributions as a percentage of covered-employee payroll	20.13%	19.65%	15.50%	13.89%	11.81%

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

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

Change in Benefit Terms - There were no changes in benefit terms since the previous valuation for other postemployment benefits.

Change of Assumptions - The discount rate was changed from 3.97% to 5.20% and the healthcare cost trend rate changed from 5.50% to 7.00% since the previous valuation.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the Proportionate Share of the Net OPEB Liability/(Asset) - MPP Program

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

Changes of Assumptions - The discount rate changed from 3.65% to 3.93% and the Medicare trend cost rates changed from 4.50% to 5.00% for Medicare Part A and from 5.40% to 6.50% for Medicare Part B since the previous valuation.

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

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of the Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS.

Changes of Assumptions - Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in economic assumptions since previous valuation for CalPERS.

Schedule of Contributions – Pensions

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

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 23,987,574	\$ 24,625,443	\$ 637,869
Employee benefits	\$ 33,770,432	\$ 33,807,621	\$ 37,189
Services and other operating expenditures	\$ 17,901,913	\$ 20,990,567	\$ 3,088,654
Other outgo	\$ 1,779,684	\$ 2,039,355	\$ 259,671
Transfers out	\$ (3,654,309)	\$ 3,663,471	\$ 7,317,780

SUPPLEMENTARY INFORMATION

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

The Lincoln Unified School District, a political subdivision of the State of California, was established on May 23, 1865. All of the District's schools are located in San Joaquin County within 7.2 square miles. There were no changes in the boundaries of the District during the year. The District consists of eight elementary schools, one middle school, one high school, one alternative education high school and a dependent charter school.

GOVERNING BOARD		
Name	Office	Term Expires
Bonnie Centers	President	December 2026
Allyson Aranda	Vice President/Clerk	December 2026
Tivoli Walker	Member	December 2026
Sandra Chan	Member	December 2028
Brian Holdaway	Member	December 2028
Lyeon Chhat & Hollis Langham	Student Member	May 2026

ADMINISTRATION		
Kelly Dextraze <i>Superintendent</i>		
Rebecca Hall <i>Associate Superintendent, Business Services</i>		
Dr. Angela Katzakis <i>Associate Superintendent, Education Services</i>		
Michele Marquez Tatum <i>Associate Superintendent, Human Resources</i>		

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

	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Grantor/Pass-Through Grantor/Program or Cluster Title			
U.S. Department of Agriculture:			
Passed Through California Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13523	\$ 2,985,797
School Breakfast Program	10.553	13525	3,956
School Breakfast Needy	10.553	13526	700,757
National School Lunch Program - Meal Supplements	10.555	13755	131,149
National School Lunch Program Noncash Commodities	10.555	13391	401,294
Supply Chain Assistance (SCA) Funds	10.555	15655	254,488
Summer Food Service Program Operations	10.559	13004	120,106
National School Lunch Program Equipment Assistance Grant	10.579	14906	100,000
Total Child Nutrition Cluster			4,697,547
Total U.S. Department of Agriculture			4,697,547
U.S. Department of Education:			
Passed Through San Joaquin County Special Education Local Plan Area			
Special Education IDEA Cluster:			
IDEA Local Assistance - Private Schools	84.027	10115	13,601
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,764,544
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	103,657
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	25,994
Total Special Education IDEA Cluster			1,907,796
Passed Through California Department of Education			
Education Stabilization Funds:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	910,888
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	179,611
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	131,580
Total Education Stabilization Funds			1,222,079
English Language Acquisition Cluster:			
Title III, Immigrant Student Program	84.365	15146	18,291
Title III, English Learner Student Program	84.365	14346	246,208
Total English Language Acquisition Cluster			264,499
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,774,579
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	77,442
Title II, Part A, Supporting Effective Instruction	84.367	14341	233,754
Total U.S. Department of Education			6,480,149
Total Federal Financial Assistance			\$ 11,177,696

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report Certification No. 314B2696	Annual Report Certification No. F3DBE47C
Regular ADA		
Transitional Kindergarten through Third	2,140.09	2,144.38
Fourth through Sixth	1,605.95	1,606.20
Seventh and Eighth	1,226.66	1,225.11
Ninth through Twelfth	2,735.23	2,730.27
Total Regular ADA	7,707.93	7,705.96
Extended Year Special Education		
Transitional Kindergarten through Third	-	8.96
Fourth through Sixth	-	2.54
Seventh and Eighth	-	2.60
Ninth through Twelfth	-	4.00
Total Extended Year Special Education	-	18.10
Special Education, Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through Third	1.59	1.76
Fourth through Sixth	2.74	2.96
Seventh and Eighth	2.98	3.22
Ninth through Twelfth	8.96	9.65
Total Special Education, Nonpublic, Nonsectarian Schools	16.27	17.59
Extended Year Special Education - Nonpublic		
Transitional Kindergarten through Third	0.10	0.10
Fourth through Sixth	0.09	0.09
Seventh and Eighth	0.09	0.09
Ninth through Twelfth	0.49	0.49
Total Extended Year Special Education - Nonpublic	0.77	0.77
ADA Totals	7,724.97	7,742.42
	Second Period Report Certification No. 571E26A6	Annual Report Certification No. 82A15664
John McCandless Charter School		
Regular ADA: Classroom Based		
Transitional Kindergarten through Third	190.13	190.90
Fourth through Sixth	128.76	128.66
Seventh and Eighth	87.02	87.29
Total Regular ADA Classroom Based	405.91	406.85

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

Lincoln Unified School District

Lincoln Unified School District			Number of Days		
			Traditional Calendar		
Grade Level	Minutes Requirement	Actual Minutes	Actual Day Offered	Multitrack Calendar	Status
Kindergarten	36,000	56,850	180	N/A	Complied
Grade 1	50,400	55,200	180	N/A	Complied
Grade 2	50,400	55,200	180	N/A	Complied
Grade 3	50,400	55,200	180	N/A	Complied
Grade 4	54,000	55,530	180	N/A	Complied
Grade 5	54,000	55,530	180	N/A	Complied
Grade 6	54,000	55,530	180	N/A	Complied
Grade 7	54,000	58,290	180	N/A	Complied
Grade 8	54,000	58,290	180	N/A	Complied
Grade 9	64,800	65,298	180	N/A	Complied
Grade 10	64,800	65,298	180	N/A	Complied
Grade 11	64,800	65,298	180	N/A	Complied
Grade 12	64,800	65,298	180	N/A	Complied

John McCandless Charter School

John McCandless Charter School			Number of Days		
			Traditional Calendar		
Grade Level	Minutes Requirement	Actual Minutes	Actual Day Offered	Multitrack Calendar	Status
Kindergarten	36,000	56,850	180	N/A	Complied
Grade 1	50,400	63,150	180	N/A	Complied
Grade 2	50,400	53,550	180	N/A	Complied
Grade 3	50,400	53,550	180	N/A	Complied
Grade 4	54,000	65,850	180	N/A	Complied
Grade 5	54,000	65,850	180	N/A	Complied
Grade 6	54,000	56,250	180	N/A	Complied
Grade 7	54,000	58,290	180	N/A	Complied
Grade 8	54,000	58,290	180	N/A	Complied

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

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2025 annual financial and budget report fund balance	\$ 63,368,962	\$ 14,450,503
Adjustments and reclassifications		
Increase/(decrease) in total fund balances		
Fund balance transfer (GASB 54)	14,450,503	(14,450,503)
Net adjustments and reclassifications	14,450,503	(14,450,503)
June 30, 2025 audited financial statements fund balance	\$ 77,819,465	\$ -

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

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis*				
Revenues and Other Financing Sources	\$ 144,032,432	\$ 147,193,902	\$ 154,267,415	\$ 158,454,276
Expenditures and Other Financing Uses	160,609,997	157,395,171	156,439,126	128,480,779
Net Change in Fund Balances	(16,577,565)	(10,201,269)	(2,171,711)	29,973,497
Ending Fund Balances	\$ 46,791,397	\$ 63,368,962	\$ 73,570,231	\$ 75,741,942
Available Reserves**	\$ 9,544,406	\$ 20,628,137	\$ 25,592,167	\$ 24,230,062
Available Reserves as a Percentage of Outgo	5.9%	13.1%	16.4%	18.9%
Long-term Debt	\$ 208,032,429	\$ 218,506,099	\$ 227,870,106	\$ 218,824,221
Average Daily District Attendance at P-2	7,867	7,725	7,773	7,619

The General Fund balance has decreased by \$12,372,980 over the past two years. The fiscal year 2025-26 budget projects a decrease of \$16,577,565, or 26.16%. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits over the past three years and anticipates an additional deficit for the 2025–26 fiscal year. Total long-term debt have decreased by \$318,122 over the past two years.

Average daily attendance has increased by 106 students during this period, with a further increase of 142 ADA projected for the 2025–26 fiscal year.

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

** Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

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

Charter School	Number	Included in Audit Report
John McCandless Charter School	1732	Yes

LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Special Revenue Funds							Capital Projects Funds			Debt Service Funds		Total Non-Major Governmental Funds
	Student Activity Special Revenue Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund		Capital Facilities Fund	County School Facilities Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	
ASSETS													
Cash and cash equivalents	\$ 497,253	\$ 3,763,982	\$ (18,609)	\$ 1,691,005	\$ 1,982,717	\$ 7,447,125		\$ (9,913)	\$ 3,016,136	\$ 2,929,443	\$ 7,811,220	\$ 1,210,569	\$ 30,320,928
Accounts receivable	-	506,503	-	333,968	803,793	83,438		-	32,645	29,069	-	18,573	1,807,989
Due from other funds	-	1,008,627	19,408	-	80	3,563		93,187	-	127,530	-	542,945	1,795,340
Inventory	27,461	-	-	-	116,572	-		-	-	-	-	-	144,033
Total Assets	\$ 524,714	\$ 5,279,112	\$ 799	\$ 2,024,973	\$ 2,903,162	\$ 7,534,126		\$ 83,274	\$ 3,048,781	\$ 3,086,042	\$ 7,811,220	\$ 1,772,087	\$ 34,068,290
LIABILITIES													
Accrued liabilities	\$ -	\$ 89,736	\$ 799	\$ 13,453	\$ 91,449	\$ 574,510		\$ 2,137	\$ -	\$ -	\$ -	\$ 13,126	\$ 785,210
Due to other funds	-	1,420,282	-	13,707	208,745	926,728		-	-	550,000	-	120,475	3,239,937
Unearned revenue	-	2,921	-	260,694	-	-		-	-	-	-	-	263,615
Total Liabilities	-	1,512,939	799	287,854	300,194	1,501,238		2,137	-	550,000	-	133,601	4,288,762
FUND BALANCES													
Nonspendable	27,461	-	-	-	116,572	-		-	-	-	-	-	144,033
Restricted	497,253	980,006	-	1,737,119	2,486,396	-		81,137	3,048,781	2,536,042	7,811,220	1,638,486	20,816,440
Assigned	-	2,786,167	-	-	-	6,032,888		-	-	-	-	-	8,819,055
Total Fund Balances	524,714	3,766,173	-	1,737,119	2,602,968	6,032,888		81,137	3,048,781	2,536,042	7,811,220	1,638,486	29,779,528
Total Liabilities and Fund Balances	\$ 524,714	\$ 5,279,112	\$ 799	\$ 2,024,973	\$ 2,903,162	\$ 7,534,126		\$ 83,274	\$ 3,048,781	\$ 3,086,042	\$ 7,811,220	\$ 1,772,087	\$ 34,068,290

See note to supplementary information.

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

	Special Revenue Funds						Capital Projects Funds			Debt Service Funds		
	Student Activity Special Revenue Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Formerly Major Fund Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	Total Non- Major Governmental Funds
REVENUES												
LCFF sources	\$ -	\$ 4,886,921	\$ -	\$ -	\$ -	\$ 690,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,577,345
Federal sources	-	3,100	-	-	4,443,059	-	-	-	-	-	-	4,446,159
Other state sources	-	801,335	157,252	2,393,081	2,557,884	-	-	-	-	33,219	-	5,942,771
Other local sources	348,183	212,195	-	469,362	81,543	266,808	10,393	141,777	659,972	7,307,270	3,106,586	12,604,089
Total Revenues	348,183	5,903,551	157,252	2,862,443	7,082,486	957,232	10,393	141,777	659,972	7,340,489	3,106,586	28,570,364
EXPENDITURES												
Current												
Instruction	-	3,672,862	149,459	1,989,947	-	-	-	-	-	-	-	5,812,268
Instruction-related services												
Instructional supervision and administration	-	-	27,039	291,391	-	-	-	-	-	-	-	318,430
Instructional library, media, and technology	-	65,496	-	-	-	-	-	-	-	-	-	65,496
School site administration	-	591,972	-	128,329	-	-	-	-	-	-	-	720,301
Pupil services												
Home-to-school transportation	-	7,878	-	-	-	-	-	-	-	-	-	7,878
Food services	-	-	-	-	7,190,687	-	-	-	-	-	-	7,190,687
All other pupil services	-	186,495	-	-	-	-	-	-	-	-	-	186,495
General administration												
Centralized data processing	-	19,866	-	-	-	-	-	-	-	-	-	19,866
All other general administration	-	1,231,841	-	153,211	208,745	-	-	-	-	-	-	1,593,797
Plant services	-	272,499	-	-	11,604	-	-	-	44,552	-	-	328,655
Facilities acquisition and maintenance	-	78,383	-	-	-	5,212,950	77,666	128,862	-	-	-	5,497,861
Ancillary services	309,846	-	-	-	-	-	-	-	-	-	-	309,846
Debt service												
Principal	-	-	-	-	-	-	-	-	-	4,537,054	2,825,000	7,362,054
Interest and other	-	-	-	-	-	-	-	-	-	1,749,829	468,874	2,218,703
Total Expenditures	309,846	6,127,292	176,498	2,562,878	7,411,036	5,212,950	77,666	128,862	44,552	6,286,883	3,293,874	31,632,337
Excess/(Deficiency) of Revenues												
Over Expenditures	38,337	(223,741)	(19,246)	299,565	(328,550)	(4,255,718)	(67,273)	12,915	615,420	1,053,606	(187,288)	(3,061,973)
OTHER FINANCING SOURCES/(USES)												
Transfers in	-	123,237	19,246	-	-	2,500,000	-	-	-	-	-	2,642,483
Other Financing Sources/(Uses), Net	-	123,237	19,246	-	-	2,500,000	-	-	-	-	-	2,642,483
NET CHANGE IN FUND BALANCES	38,337	(100,504)	-	299,565	(328,550)	(1,755,718)	(67,273)	12,915	615,420	1,053,606	(187,288)	(419,490)
FUND BALANCES - BEGINNING	486,377	3,866,677	-	1,437,554	3,625,687	-	148,410	3,035,866	1,920,622	6,757,614	1,825,774	23,104,581
Change with financial reporting entity (major to non-major fund)	-	-	-	-	-	7,788,606	-	-	-	-	-	7,788,606
Error correction	-	-	-	-	(694,169)	-	-	-	-	-	-	(694,169)
FUND BALANCES - BEGINNING, AS RESTATED	486,377	3,866,677	-	1,437,554	2,931,518	7,788,606	148,410	3,035,866	1,920,622	6,757,614	1,825,774	30,199,018
FUND BALANCES - ENDING	\$ 524,714	\$ 3,766,173	\$ -	\$ 1,737,119	\$ 2,602,968	\$ 6,032,888	\$ 81,137	\$ 3,048,781	\$ 2,536,042	\$ 7,811,220	\$ 1,638,486	\$ 29,779,528

See note to supplementary information.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSES OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Expenditures of Federal Awards

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

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

Indirect Cost Rate – The District has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSES OF SCHEDULES, continued

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

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

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

OTHER INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' 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
Lincoln Unified School District
Stockton, 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 Lincoln Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

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

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

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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

 *CWDL, Certified Public Accountants*

San Diego, California

December 12, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Lincoln Unified School District
Stockton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln Unified School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CWDL, Certified Public Accountants

San Diego, California

December 12, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Governing Board
Lincoln Unified School District
Stockton, California

Report on State Compliance

Opinion

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

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

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

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. RESERVED	Not Applicable
D. Independent Study	No
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratios of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other than Charter Schools (continued):	
M. Juvenile Court Schools	Not Applicable
N. Middle or Early College High Schools or Programs	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. RESERVED	Not Applicable
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable
TT. Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable
Z. Immunizations	Not Applicable
AZ. Educator Effectiveness	Not Applicable
BZ. Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	Yes
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Not Applicable
DD. Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
EE. Annual Instructional Minutes - Classroom Based	Yes
FF. Charter School Facility Grant Program	Not Applicable

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

We did not perform testing for independent study because total reported Average Daily Attendance (ADA) was not material.

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 or material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, 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 Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



San Diego, California

December 12, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.010</u>	<u>Title I Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

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

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

This section presents significant deficiencies, material weaknesses, and instances of noncompliance identified during the audit of the financial statements. These matters are reported in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
50000	Federal Compliance

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

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

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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

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

This section presents findings and questioned costs identified in prior year audit related to financial statements, federal awards and state awards.

FINDING #2024-001: CLASSROOM TEACHERS SALARIES (61000)

Criteria

California *Education Code* (EC) Section 41372 requires a minimum percentage of expenditures be charged for classroom teacher salaries. For elementary school districts, this percentage is 55%. EC Section 41374 provides the District an exemption to this requirement if individual class sessions are maintained below 28 pupils.

Condition

During the audit of the Classroom Teacher Salaries, it was noted the District did not meet the minimum "Percentage of Current Cost of Education Expended for Classroom Compensation" and was not exempt under the provisions of EC Section 41374.

Cause

Classroom teacher salaries, as a percentage of the applicable total spending, were less than the State requirement.

Effect

By not meeting the minimum percentage as established by EC Section 41372, the District is out of compliance with the established regulation and law.

Questioned Costs

Current expense of education	\$ 124,742,595
Total classroom salaries and benefits	\$ 65,091,619
Percentage spent by the District	52.18%
Minimum percentage required	55.00%
Deficiency amount	\$ 3,517,742

Recommendation

The District can establish specific procedures to ensure that the minimum percentage requirement is met or maintain class sizes at or below 28 students in order to qualify for the exemption provisions outlined in *Education Code* (EC) Section 41374. However, if the District is unable to keep class sizes below 28 and applying this education code during a fiscal year would cause significant financial or operational hardship, the Governing Board may formally request an exemption. This request should be submitted in writing to the County Superintendent of Schools.

To ensure compliance and avoid potential issues, it is recommended that the District proactively collaborate with the San Joaquin County Office of Education to secure an exemption ahead of time, allowing for a smoother process if class size target cannot be maintained. Proactively seeking exemption would enable the District to manage its resources effectively without facing penalties or disruptions during the school year.

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

FINDING #2024-001: CLASSROOM TEACHERS SALARIES (61000), continued

Corrective Action Plan/District Response

Unfortunately, our minimum percentage of expenditures fell below the required 55%. The contributing factors include a large amount of one-time state and federal funding (and according to best practices to not hire new staff with one-time money), and a significant increase in Special Education costs. In 2022-23 we began experiencing changes in our SELPA funding model, the district was required to take back students and open many new classes. The District has been unable to successfully hire necessary staff for a number of classes to meet the growing demand of Special Education growth within the District. In order to stay within class counts and federal requirements, we have had to contract out for staffing at a significantly higher cost in a number of classrooms. In addition, in 2023-24 the District provided an 8.22% increase to staff, an off-schedule payment and an increase in health benefits beginning July 1, 2024, to \$12,000 annually. As in prior years we have successfully negotiated COLA for all members. Our salaries are in line with neighboring districts.

After the audit report is issued and approved by the board, the District will file a waiver application with the San Joaquin County Office of Education for exemption from the required expenditures for classroom teachers' salaries for 2023-24. In future years we will work with San Joaquin County Office of Education if we believe we cannot make the minimum percentage requirement.

Current Status

Implemented.