

# CAJON VALLEY UNION SCHOOL DISTRICT

AUDIT REPORT  
JUNE 30, 2025



**CAJON VALLEY UNION SCHOOL DISTRICT**  
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**JUNE 30, 2025**

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## **FINANCIAL SECTION**

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Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Independent Auditors' Report

Governing Board  
Cajon Valley Union School District  
El Cajon, California

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

#### ***Opinions***

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

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Cajon Valley Union School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

##### *Change in Accounting Principle*

As described in Note 1 to the financial statements, the Cajon Valley Union School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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## ***Responsibilities of Management for the Financial Statements (continued)***

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

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

### **Supplementary Information**

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

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026 on our consideration of the Cajon Valley Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cajon Valley Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cajon Valley Union School District's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
January 26, 2026

# CAJON VALLEY UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

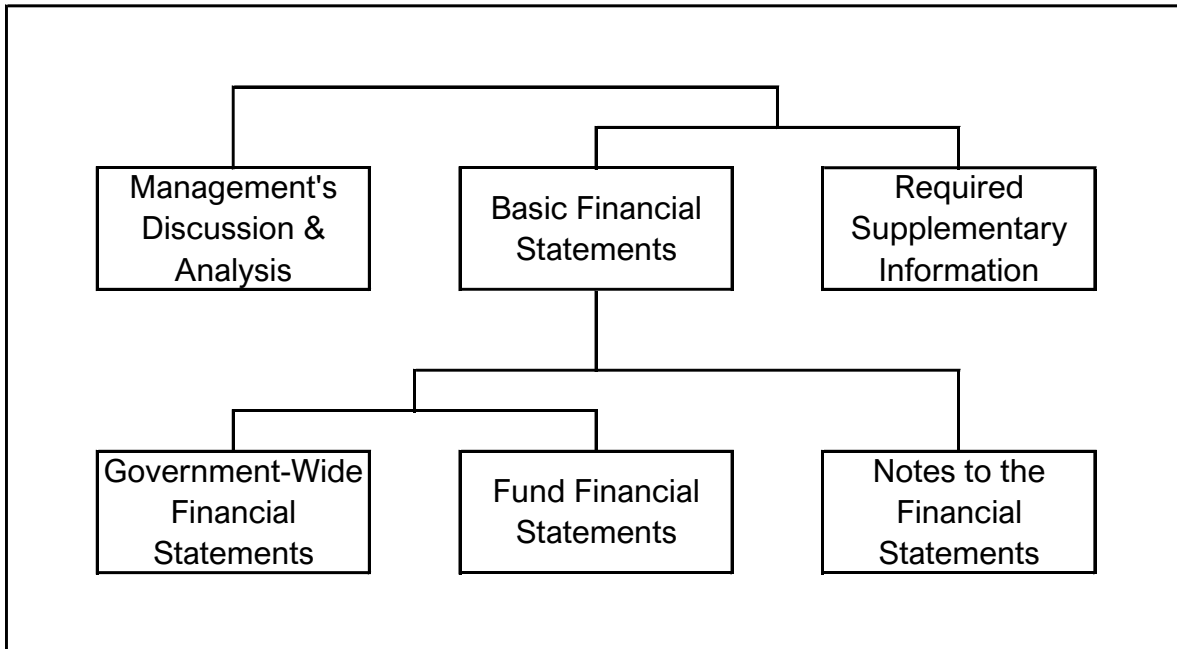
Our discussion and analysis of Cajon Valley Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

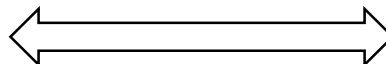
- The District's net position was \$167,432,277 at June 30, 2025. This was an increase of \$37,938,054 from the prior year, after restatement.
- Overall revenues were \$393,739,490, which exceeded expenses of \$355,801,436.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section



**Summary**



**Detail**

**CAJON VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

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

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

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

**Government-Wide Statements**

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

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

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$167,432,277 at June 30, 2025, as reflected in the table below. Of this amount, \$(116,091,484) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2025</b>	<b>2024</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 258,580,476	\$ 248,317,503	\$ 10,262,973
Capital assets	319,202,805	312,337,628	6,865,177
<b>Total Assets</b>	<b>577,783,281</b>	<b>560,655,131</b>	<b>17,128,150</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>110,724,117</b>	<b>110,760,841</b>	<b>(36,724)</b>
<b>LIABILITIES</b>			
Current liabilities	54,452,947	38,312,023	16,140,924
Long-term liabilities	411,208,269	427,275,222	(16,066,953)
<b>Total Liabilities</b>	<b>465,661,216</b>	<b>465,587,245</b>	<b>73,971</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>55,413,905</b>	<b>56,061,554</b>	<b>(647,649)</b>
<b>NET POSITION</b>			
Net investment in capital assets	189,046,915	185,837,182	3,209,733
Restricted	94,476,846	89,294,730	5,182,116
Unrestricted	(116,091,484)	(125,364,739)	9,273,255
<b>Total Net Position</b>	<b>\$ 167,432,277</b>	<b>\$ 149,767,173</b>	<b>\$ 17,665,104</b>

**CAJON VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2025</b>	<b>2024</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 7,818,170	\$ 7,948,986	\$ (130,816)
Operating grants and contributions	101,992,843	116,847,569	(14,854,726)
Capital grants and contributions	-	2,361,228	(2,361,228)
General revenues			
Property taxes	75,095,822	74,679,702	416,120
Unrestricted federal and state aid	186,739,418	171,721,617	15,017,801
Other	22,093,237	18,138,381	3,954,856
<b>Total Revenues</b>	<b>393,739,490</b>	<b>391,697,483</b>	<b>2,042,007</b>
<b>EXPENSES</b>			
Instruction	193,853,587	194,830,267	(976,680)
Instruction-related services	40,485,956	39,322,011	1,163,945
Pupil services	50,289,023	45,797,394	4,491,629
General administration	26,969,602	28,751,916	(1,782,314)
Plant services	21,169,728	18,503,932	2,665,796
Ancillary and community services	385,162	309,665	75,497
Debt service	5,249,765	6,260,103	(1,010,338)
Other outgo	1,527,782	1,559,156	(31,374)
Depreciation	15,865,014	14,681,444	1,183,570
Enterprise activities	5,817	3,987	1,830
<b>Total Expenses</b>	<b>355,801,436</b>	<b>350,019,875</b>	<b>5,781,561</b>
<b>Change in net position</b>	<b>37,938,054</b>	<b>41,677,608</b>	<b>(3,739,554)</b>
<b>Net Position - Beginning, as Restated*</b>	<b>129,494,223</b>	<b>108,089,565</b>	<b>21,404,658</b>
<b>Net Position - Ending</b>	<b>\$ 167,432,277</b>	<b>\$ 149,767,173</b>	<b>\$ 17,665,104</b>

\*Beginning net position was restated for the 2025 year only.

The cost of all our governmental activities this year was \$355,801,436 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$75,095,822 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**CAJON VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

In the table below, we have presented the net cost of each of the District’s functions. Net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	<b>Net Cost of Services</b>	
	<b>2025</b>	<b>2024</b>
Instruction	\$ 129,530,449	\$ 123,796,029
Instruction-related services	27,093,052	23,102,046
Pupil services	27,092,241	20,195,447
General administration	22,127,599	17,946,700
Plant services	20,467,209	17,552,573
Ancillary and community services	132,389	42,905
Debt service	5,249,765	6,260,103
Transfers to other agencies	(1,573,112)	(719,142)
Depreciation	15,865,014	14,681,444
Enterprise activities	5,817	3,987
<b>Total</b>	<b>\$ 245,990,423</b>	<b>\$ 222,862,092</b>

**FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$223,955,249, which is more than last year’s ending fund balance of \$215,958,368. The District’s General Fund had \$10,908,681 more in operating revenues than expenditures for the year ended June 30, 2025, along with other financing uses of \$3,083,194, which led to a net increase in fund balance of \$7,825,487. The Charter Schools Fund had \$2,452,050 more in operating revenues than expenditures for the year ended June 30, 2025. The Building Fund had \$9,262,636 less in operating revenues than expenditures for the year ended June 30, 2025, along with other financing sources of \$2,765,000, which led to a net decrease in fund balance of \$6,497,636.

**CURRENT YEAR BUDGET 2024-2025**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2024-2025 the District had invested \$319,202,805 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2025</b>	<b>2024</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 13,517,805	\$ 13,517,805	\$ -
Construction in progress	10,443,663	23,690,258	(13,246,595)
Land improvements	44,021,136	42,003,022	2,018,114
Buildings & improvements	447,357,623	416,590,394	30,767,229
Furniture & equipment	43,160,505	39,969,062	3,191,443
Less: Accumulated depreciation	(239,297,927)	(223,432,913)	(15,865,014)
<b>Total</b>	<b>\$ 319,202,805</b>	<b>\$ 312,337,628</b>	<b>\$ 6,865,177</b>

**Long-Term Liabilities**

At year-end, the District had \$411,208,269 in long-term liabilities. This was a decrease of 8% from the prior year, after restatement, as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	<b>Governmental Activities</b>		
	<b>2025</b>	<b>2024</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 141,736,080	\$ 157,004,723	\$ (15,268,643)
Clean renewable energy bonds	11,959,749	12,934,749	(975,000)
Early retirement incentive	302,010	1,188,891	(886,881)
Compensated absences*	22,801,345	22,431,756	369,589
Total OPEB liability	42,382,225	37,635,721	4,746,504
Net pension liability	222,334,556	232,789,730	(10,455,174)
Less: current portion of long-term liabilities	(30,307,696)	(16,437,398)	(13,870,298)
<b>Total</b>	<b>\$ 411,208,269</b>	<b>\$ 447,548,172</b>	<b>\$ (36,339,903)</b>

\*The amount previously reported for compensated absences at June 30, 2024 has been restated to reflect the District's implementation of GASB Statement 101 for the year ended June 30, 2025.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

**Long-Term Declining Enrollment**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

**Revenue Uncertainties**

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

**Pension Liabilities and Employer Rates**

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

**Economic and Market Conditions**

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

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

**Summary**

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Miranda Durning, Fiscal Services Director ([durningm@cajonvalley.net](mailto:durningm@cajonvalley.net)) or Scott Buxbaum, Assistant Superintendent, Business Services ([buxbaums@cajonvalley.net](mailto:buxbaums@cajonvalley.net)).

**CAJON VALLEY UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 222,745,819
Accounts receivable	27,086,012
Inventory	554,739
Prepaid expenses	446,836
Lease receivable	7,747,070
Capital assets:	
Capital assets, not depreciated	23,961,468
Capital assets, net of accumulated depreciation	295,241,337
<b>Total Assets</b>	<u>577,783,281</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	92,836,908
Deferred outflows related to OPEB	13,207,644
Deferred amount on refunding	4,679,565
<b>Total Deferred Outflows of Resources</b>	<u>110,724,117</u>
<b>LIABILITIES</b>	
Accrued liabilities	22,544,138
Unearned revenue	1,601,113
Long-term liabilities, current portion	30,307,696
Long-term liabilities, non-current portion	411,208,269
<b>Total Liabilities</b>	<u>465,661,216</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	16,139,585
Deferred inflows related to OPEB	30,915,124
Deferred amount on refunding	1,401,678
Deferred inflows related to leases	6,957,518
<b>Total Deferred Inflows of Resources</b>	<u>55,413,905</u>
<b>NET POSITION</b>	
Net investment in capital assets	189,046,915
Restricted:	
Capital projects	9,887,393
Debt service	19,342,723
Educational programs	50,533,916
Food service	14,619,758
Associated student body	93,056
Unrestricted	(116,091,484)
<b>Total Net Position</b>	<u>\$ 167,432,277</u>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 193,853,587	\$ 4,614,389	\$ 59,708,749	\$ (129,530,449)
Instruction-related services				
Instructional supervision and administration	20,364,995	706,378	8,304,083	(11,354,534)
Instructional library, media, and technology	774,901	-	19,868	(755,033)
School site administration	19,346,060	114,263	4,248,312	(14,983,485)
Pupil services				
Home-to-school transportation	5,101,726	1,755	51,810	(5,048,161)
Food services	16,562,758	858,672	15,006,001	(698,085)
All other pupil services	28,624,539	338,229	6,940,315	(21,345,995)
General administration				
Centralized data processing	7,052,905	-	287,538	(6,765,367)
All other general administration	19,916,697	210,716	4,343,749	(15,362,232)
Plant services	21,169,728	13,178	689,341	(20,467,209)
Ancillary services	349,896	-	252,773	(97,123)
Community services	35,266	-	-	(35,266)
Enterprise activities	5,817	-	-	(5,817)
Interest on long-term debt	5,249,765	-	-	(5,249,765)
Other outgo	1,527,782	960,590	2,140,304	1,573,112
Depreciation (unallocated)	15,865,014	-	-	(15,865,014)
<b>Total Governmental Activities</b>	<b>\$ 355,801,436</b>	<b>\$ 7,818,170</b>	<b>\$ 101,992,843</b>	<b>(245,990,423)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				54,117,797
Property taxes, levied for debt service				19,719,669
Property taxes, levied for other specific purposes				1,258,356
Federal and state aid not restricted for specific purposes				186,739,418
Interest and investment earnings				9,112,104
Interagency revenues				6,553,314
Miscellaneous				6,427,819
<b>Subtotal, General Revenue</b>				<b>283,928,477</b>
<b>CHANGE IN NET POSITION</b>				<b>37,938,054</b>
<b>Net Position - Beginning, as Restated</b>				<b>129,494,223</b>
<b>Net Position - Ending</b>				<b>\$ 167,432,277</b>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2025**

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 134,926,910	\$ 11,208,436	\$ 24,635,042	\$ 47,678,958	\$ 218,449,346
Accounts receivable	17,107,452	2,128,995	393,594	4,611,557	24,241,598
Due from other funds	7,417,452	2,943	2,765,000	-	10,185,395
Stores inventory	251,946	-	-	302,793	554,739
Prepaid expenditures	446,836	-	-	-	446,836
Lease receivable	-	-	7,747,070	-	7,747,070
<b>Total Assets</b>	<b>\$ 160,150,596</b>	<b>\$ 13,340,374</b>	<b>\$ 35,540,706</b>	<b>\$ 52,593,308</b>	<b>\$ 261,624,984</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 17,252,055	\$ 389,501	\$ 929,948	\$ 555,281	\$ 19,126,785
Due to other funds	3,067,943	6,149,678	64	766,634	9,984,319
Unearned revenue	1,574,329	6,522	-	20,262	1,601,113
<b>Total Liabilities</b>	<b>21,894,327</b>	<b>6,545,701</b>	<b>930,012</b>	<b>1,342,177</b>	<b>30,712,217</b>
<b>DEFERRED INFLOWS</b>					
Deferred inflows related to leases	-	-	6,957,518	-	6,957,518
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>6,957,518</b>	<b>-</b>	<b>6,957,518</b>
<b>FUND BALANCES</b>					
Nonspendable	812,533	-	-	302,793	1,115,326
Restricted	39,336,689	6,794,673	27,653,176	50,948,338	124,732,876
Assigned	47,065,822	-	-	-	47,065,822
Unassigned	51,041,225	-	-	-	51,041,225
<b>Total Fund Balances</b>	<b>138,256,269</b>	<b>6,794,673</b>	<b>27,653,176</b>	<b>51,251,131</b>	<b>223,955,249</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 160,150,596</b>	<b>\$ 13,340,374</b>	<b>\$ 35,540,706</b>	<b>\$ 52,593,308</b>	<b>\$ 261,624,984</b>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2025**

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**Total Fund Balance - Governmental Funds** \$ 223,955,249

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

Capital assets:

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

Capital assets	\$ 558,500,732	
Accumulated depreciation	<u>(239,297,927)</u>	319,202,805

Deferred amount on refunding:

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

3,277,887

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:

(2,602,854)

Long-term liabilities:

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

Total general obligation bonds	\$ 141,736,080	
Clean renewable energy bonds	11,959,749	
Early retirement incentive	302,010	
Compensated absences	22,801,345	
Total OPEB liability	42,382,225	
Net pension liability	<u>222,334,556</u>	(441,515,965)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 92,836,908	
Deferred inflows of resources related to pensions	<u>(16,139,585)</u>	76,697,323

*(continued on the following page)*

**CAJON VALLEY UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION, continued  
JUNE 30, 2025**

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Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 13,207,644	
Deferred inflows of resources related to OPEB	<u>(30,915,124)</u>	(17,707,480)

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 operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

6,125,312

**Total Net Position - Governmental Activities**

\$ 167,432,277

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

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 217,832,019	\$ 17,315,973	\$ -	\$ -	\$ 235,147,992
Federal sources	22,362,045	453,170	-	11,675,384	34,490,599
Other state sources	53,948,838	4,749,425	-	8,249,486	66,947,749
Other local sources	45,260,003	853,562	3,928,478	23,343,803	73,385,846
<b>Total Revenues</b>	<b>339,402,905</b>	<b>23,372,130</b>	<b>3,928,478</b>	<b>43,268,673</b>	<b>409,972,186</b>
<b>EXPENDITURES</b>					
Current					
Instruction	198,815,886	10,684,827	-	2,644,448	212,145,161
Instruction-related services					
Instructional supervision and administration	21,379,194	676,654	-	203,763	22,259,611
Instructional library, media, and technology	710,987	45,730	-	-	756,717
School site administration	19,002,142	1,911,152	-	278,484	21,191,778
Pupil services					
Home-to-school transportation	4,984,196	-	-	-	4,984,196
Food services	1,560,271	94	-	14,844,246	16,404,611
All other pupil services	29,305,309	911,488	-	-	30,216,797
General administration					
Centralized data processing	6,942,558	-	-	-	6,942,558
All other general administration	13,212,137	6,047,664	-	719,216	19,979,017
Plant services	19,892,346	558,378	153,707	157,405	20,761,836
Facilities acquisition and construction	10,243,324	-	11,536,817	1,072,458	22,852,599
Ancillary services	-	84,093	-	269,399	353,492
Community services	35,261	-	-	-	35,261
Transfers to other agencies	1,523,732	-	-	-	1,523,732
Debt service					
Principal	886,881	-	975,000	13,267,160	15,129,041
Interest and other	-	-	525,590	5,825,716	6,351,306
<b>Total Expenditures</b>	<b>328,494,224</b>	<b>20,920,080</b>	<b>13,191,114</b>	<b>39,282,295</b>	<b>401,887,713</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>10,908,681</b>	<b>2,452,050</b>	<b>(9,262,636)</b>	<b>3,986,378</b>	<b>8,084,473</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	2,765,000	18,194	2,783,194
Other sources	-	-	-	15,216,115	15,216,115
Transfers out	(3,083,194)	-	-	-	(3,083,194)
Other uses	-	-	-	(15,003,707)	(15,003,707)
<b>Net Financing Sources (Uses)</b>	<b>(3,083,194)</b>	<b>-</b>	<b>2,765,000</b>	<b>230,602</b>	<b>(87,592)</b>
<b>NET CHANGE IN FUND BALANCE</b>					
	7,825,487	2,452,050	(6,497,636)	4,216,980	7,996,881
<b>Fund Balance - Beginning</b>	<b>130,430,782</b>	<b>4,342,623</b>	<b>34,150,812</b>	<b>47,034,151</b>	<b>215,958,368</b>
<b>Fund Balance - Ending</b>	<b>\$ 138,256,269</b>	<b>\$ 6,794,673</b>	<b>\$ 27,653,176</b>	<b>\$ 51,251,131</b>	<b>\$ 223,955,249</b>

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

**CAJON VALLEY UNION 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**

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**Net Change in Fund Balances - Governmental Funds** \$ 7,996,881

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

**Capital outlay:**

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

Expenditures for capital outlay:	\$ 22,730,191	
Depreciation expense:	<u>(15,865,014)</u>	6,865,177

**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:

29,393,489

**Debt proceeds:**

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(15,216,115)

**Deferred amounts on refunding:**

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

(1,536,572)

**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:

420,172

**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 period.

(496,199)

*(continued on the following page)*

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

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Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (369,589)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 906,143

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 6,946,331

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were: 886,881

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 2,562,468

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 funds was: (421,013)

**Change in Net Position of Governmental Activities**

\$ 37,938,054

CAJON VALLEY UNION SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2025

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 4,296,473
Accounts receivable	2,844,414
Due from other funds	<u>300,000</u>
Total current assets	<u>7,440,887</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	814,499
Due to other funds	<u>501,076</u>
Total current liabilities	<u>1,315,575</u>
<b>Total Liabilities</b>	<u>1,315,575</u>
<b>NET POSITION</b>	
Unrestricted	<u>6,125,312</u>
<b>Total Net Position</b>	<u>\$ 6,125,312</u>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2025**

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 30,033,329
Other local revenues	30,859
<b>Total operating revenues</b>	<u>30,064,188</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	234,446
Supplies and materials	200
Professional services	30,740,961
<b>Total operating expenses</b>	<u>30,975,607</u>
<b>Operating income/(loss)</b>	<u>(911,419)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	190,406
Transfers in	300,000
<b>Total non-operating revenues/(expenses)</b>	<u>490,406</u>
<b>CHANGE IN NET POSITION</b>	(421,013)
<b>Net Position - Beginning</b>	<u>6,546,325</u>
<b>Net Position - Ending</b>	<u>\$ 6,125,312</u>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2025**

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 30,033,329
Cash received (paid) from assessments made to (from) other funds	(568,617)
Cash payments for payroll, insurance, and operating costs	<u>(30,279,943)</u>
Net cash provided by (used for) operating activities	<u>(815,231)</u>
<b>Cash flows from non-capital financing activities</b>	
Interfund transfers in (out)	<u>300,000</u>
Net cash provided by (used for) non-capital financing activities	<u>300,000</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>190,406</u>
Net cash provided by (used for) investing activities	<u>190,406</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(324,825)</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>4,621,298</u>
End of year	<u>\$ 4,296,473</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ (911,419)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(302,703)
(Increase) decrease in due from other funds	(296,773)
Increase (decrease) in accrued liabilities	195,462
Increase (decrease) in due to other funds	<u>500,202</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (815,231)</u>

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

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

**C. Basis of Presentation**

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

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

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

CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

**Fund Financial Statements. (continued)**

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

**Major Governmental Funds**

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

**Charter Schools Fund:** This fund may be used by authorizing District's to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**Non-Major Governmental Funds**

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

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

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

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

Proprietary Funds

**Internal Service Funds:** Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

**Self-Insurance Fund:** Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus**

**Government-Wide and Proprietary Fund Financial Statements**

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**Governmental Funds**

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

**Revenues – Exchange and Non-Exchange Transactions**

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

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Unearned Revenue**

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

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

**Expenses/Expenditures**

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

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Lease Receivables**

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

**Inventories**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Capital Assets**

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	45-50 Years
Building Improvements	20-25 Years
Vehicles	3-15 Years
Office Equipment	3-15 Years
Computer Equipment	3-15 Years

**Interfund Balances**

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

**Compensated Absences**

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

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District’s policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

**Accrued Liabilities and Long-Term Obligations**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

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

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

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

**Premiums and Discounts**

In the government-wide and proprietary fund 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 deferred and amortized over the life of the bonds using the straight-line method.

**Deferred Outflows/Deferred Inflows of Resources**

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

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

**Pensions**

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

CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

**Fund Balance**

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

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

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

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

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

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

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Interfund Activity**

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

**G. Estimates**

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

**H. Budgetary Data**

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

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

**I. Property Tax**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements**

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

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

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

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Funds</b>	<b>Internal Service Fund</b>	<b>Governmental Activities</b>
Investment in county treasury	\$ 205,956,785	\$ 4,277,680	\$ 210,234,465
Cash on hand and in banks	12,374,639	16,294	12,390,933
Cash with fiscal agent	4,171	20,000	24,171
Cash in revolving fund	113,751	(17,501)	96,250
<b>Total</b>	<b>\$ 218,449,346</b>	<b>\$ 4,296,473</b>	<b>\$ 222,745,819</b>

**B. Policies and Practices**

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

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Diego County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$222,625,398. The average weighted maturity for this pool is 562 days.

**E. Credit Risk**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's cash in bank balance was exposed to custodial credit risk amounting to \$12,394,724 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.

**G. Fair Value**

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

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

	<b>Uncategorized</b>
Investment in county treasury	<u>\$ 222,625,398</u>
<b>Total</b>	<u>\$ 222,625,398</u>

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 3 – RECEIVABLES**

**A. Accounts Receivable**

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

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government						
Categorical aid	\$ 6,220,625	\$ 87,712	\$ -	\$ 2,647,281	\$ -	\$ 8,955,618
State Government						
Apportionment	2,088,638	298,820	-	-	-	2,387,458
Categorical aid	1,834,064	70,971	-	1,718,156	-	3,623,191
Lottery	1,126,332	40,693	-	-	-	1,167,025
Local Government						
Other local sources	5,837,793	1,630,799	393,594	246,120	2,844,414	10,952,720
<b>Total</b>	<b>\$ 17,107,452</b>	<b>\$ 2,128,995</b>	<b>\$ 393,594</b>	<b>\$ 4,611,557</b>	<b>\$ 2,844,414</b>	<b>\$ 27,086,012</b>

**B. Leases Receivable**

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District is the lessor in a lease agreement with El Cajon Center, Inc. for the use of the site located at 1530 Jamacha Road in El Cajon, CA. An initial lease receivable was recorded in the amount of \$2,535,895. As of June 30, 2025, the value of the lease receivable is \$2,354,681. For the year ended June 30, 2025, the lessee was required to make monthly fixed payments of \$12,708. The lease has an interest rate of 3.92%. The value of the deferred inflow of resources as of June 30, 2025 was \$1,969,742, and the District recognized lease revenue of \$93,562 during the fiscal year. The lease term ends on June 30, 2031 and does not include any options to extend.

The District is the lessor in a lease agreement with JKC Palm Springs Automotive, Inc. for the use of the site located at 541 North Johnson Avenue in El Cajon, CA. An initial lease receivable was recorded in the amount of \$5,165,406. The lease was remeasured during the fiscal year and the value of the lease receivable is \$5,392,388 as of June 30, 2025. For the year ended June 30, 2025, the lessee was required to make monthly payments of \$27,390 (July-December) and \$30,129 (January-June). The lease has an interest rate of 2.91%. The value of the deferred inflow of resources as of June 30, 2025 was \$4,987,776, and the District recognized lease revenue of \$254,695 during the fiscal year. The lease term ends on January 30, 2045 and does not include any options to extend.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 13,517,805	\$ -	\$ -	\$ 13,517,805
Construction in progress	23,690,258	17,066,246	30,312,841	10,443,663
Total capital assets not being depreciated	37,208,063	17,066,246	30,312,841	23,961,468
Capital assets being depreciated				
Land improvements	42,003,022	2,018,114	-	44,021,136
Buildings & improvements	416,590,394	30,767,229	-	447,357,623
Furniture & equipment	39,969,062	3,191,443	-	43,160,505
Total capital assets being depreciated	498,562,478	35,976,786	-	534,539,264
Less: Accumulated depreciation				
Land improvements	16,651,294	1,829,244	-	18,480,538
Buildings & improvements	177,415,630	12,050,471	-	189,466,101
Furniture & equipment	29,365,989	1,985,299	-	31,351,288
Total accumulated depreciation	223,432,913	15,865,014	-	239,297,927
Total capital assets being depreciated, net	275,129,565	20,111,772	-	295,241,337
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 312,337,628</b>	<b>\$ 37,178,018</b>	<b>\$ 30,312,841</b>	<b>\$ 319,202,805</b>

**NOTE 5 – INTERFUND TRANSACTIONS**

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

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

Due To Other Funds	Due From Other Funds				Total
	General Fund	Charter Schools Fund	Building Fund	Internal Service Fund	
General Fund	\$ -	\$ 2,943	\$ 2,765,000	\$ 300,000	\$ 3,067,943
Charter Schools Fund	6,149,678	-	-	-	6,149,678
Building Fund	64	-	-	-	64
Non-Major Governmental Funds	766,634	-	-	-	766,634
Internal Service Fund	501,076	-	-	-	501,076
<b>Total</b>	<b>\$ 7,417,452</b>	<b>\$ 2,943</b>	<b>\$ 2,765,000</b>	<b>\$ 300,000</b>	<b>\$ 10,485,395</b>

Due from the General Fund to the Charter Schools Fund for school tour expenses.	\$ 2,943
Due from the General Fund to the Building Fund for solar expenditures.	2,765,000
Due from the General Fund to the Internal Service Fund for 24-25 deposits.	300,000
Due from the Charter Schools Fund to the General Fund for expenditure reimbursements.	6,149,678
Due from the Child Development fund to the General Fund for indirect costs.	224,394
Due from the Cafeteria fund to the General Fund for indirect costs.	542,240
Due from the Building Fund to the General Fund for OPEB costs.	64
Due from the Internal Service Fund to the General Fund for OPEB costs.	501,076
<b>Total</b>	<b>\$ 10,485,395</b>

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 5 – INTERFUND TRANSACTIONS (continued)**

**B. Operating Transfers**

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

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>			
	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>		<u>Total</u>
		<u>Internal Service Fund</u>		
General Fund	\$ 2,765,000	\$ 18,194	\$ 300,000	\$ 3,083,194
<b>Total</b>	<b>\$ 2,765,000</b>	<b>\$ 18,194</b>	<b>\$ 300,000</b>	<b>\$ 3,083,194</b>

Transfer from the General Fund to the Cafeteria Fund for various expenditures.	\$ 18,194
Transfer from the General Fund to the Building Fund for project expenditures.	2,765,000
Transfer from the General Fund to the Internal Service Fund for insurance expenditures.	300,000
<b>Total</b>	<b>\$ 3,083,194</b>

**NOTE 6 – ACCRUED LIABILITIES**

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

	<u>Charter Schools</u>			<u>Non-Major Governmental Funds</u>		<u>Internal Service Fund</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
	<u>General Fund</u>	<u>Fund</u>	<u>Building Fund</u>					
Payroll	\$ 1,715,198	\$ 108,092	\$ -	\$ 57,499	\$ -	\$ -	\$ -	\$ 1,880,789
Construction	-	-	929,948	8,687	-	-	-	938,635
Vendors payable	7,826,314	281,409	-	489,095	814,499	-	-	9,411,317
Unmatured interest	-	-	-	-	-	-	2,602,854	2,602,854
Due to grantor government	7,710,543	-	-	-	-	-	-	7,710,543
<b>Total</b>	<b>\$ 17,252,055</b>	<b>\$ 389,501</b>	<b>\$ 929,948</b>	<b>\$ 555,281</b>	<b>\$ 814,499</b>	<b>\$ 2,602,854</b>	<b>\$ 2,602,854</b>	<b>\$ 22,544,138</b>

**NOTE 7 – UNEARNED REVENUE**

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

	<u>Charter Schools</u>		<u>Non-Major Governmental Funds</u>		<u>Governmental Activities</u>
	<u>General Fund</u>	<u>Fund</u>			
Federal sources	\$ 18,488	\$ -	\$ 20,262	\$ -	\$ 38,750
State categorical sources	1,555,841	-	-	-	1,555,841
Local sources	-	6,522	-	-	6,522
<b>Total</b>	<b>\$ 1,574,329</b>	<b>\$ 6,522</b>	<b>\$ 20,262</b>	<b>\$ -</b>	<b>\$ 1,601,113</b>

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 8 – LONG-TERM LIABILITIES**

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

	Restated			Balance	Balance Due
	Balance	Additions	Deductions	June 30, 2025	In One Year
	July 01, 2024				
<b>Governmental Activities</b>					
General obligation bonds	\$ 140,112,003	\$ 13,630,000	\$ 28,017,160	\$ 125,724,843	\$ 14,254,843
Unamortized premium	12,418,965	1,586,115	2,562,468	11,442,612	1,224,744
Accreted interest	4,473,755	496,199	401,329	4,568,625	-
Total general obligation bonds	157,004,723	15,712,314	30,980,957	141,736,080	15,479,587
Clean renewable energy bonds	12,934,749	-	975,000	11,959,749	984,000
Early retirement incentive	1,188,891	-	886,881	302,010	302,310
Compensated absences*	22,431,756	369,589	-	22,801,345	13,541,798
Total OPEB liability	37,635,721	4,746,504	-	42,382,225	-
Net pension liability	232,789,730	-	10,455,174	222,334,556	-
<b>Total</b>	<b>\$ 463,985,570</b>	<b>\$ 20,828,407</b>	<b>\$ 43,298,012</b>	<b>\$ 441,515,965</b>	<b>\$ 30,307,695</b>

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

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for clean renewable energy bonds are made in the Building Fund.
- Payments for early retirement incentive are made in the General Fund.

**A. General Obligation Bonds**

The following schedule summarizes the District's outstanding general obligation bonds as of June 30, 2025:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
					Outstanding July 01, 2024	Additions	Deductions	Outstanding June 30, 2025
2008 Series B	5/25/2011	8/1/2025	4.00%	\$13,093,060	\$ 2,942,003	\$ -	\$ 1,442,160	\$ 1,499,843
2012 Series C	4/14/2015	8/1/2040	3.25-5.00%	20,000,000	17,525,000	-	385,000	17,140,000
2012 Series D	10/7/2015	8/1/2040	3.00-5.00%	17,880,000	16,900,000	-	280,000	16,620,000
2012 Series E	9/20/2017	8/1/2038	2.50-5.00%	17,505,000	14,565,000	-	510,000	14,055,000
2012 Refunding Bonds	6/28/2012	8/1/2032	2.00-5.00%	13,690,000	1,460,000	-	720,000	740,000
2014 Refunding Bonds	5/6/2014	8/1/2035	3.00-5.00%	23,565,000	15,805,000	-	15,805,000	-
2016 Refunding Bonds	3/31/2016	8/1/2032	2.00-5.00%	23,600,000	15,045,000	-	1,860,000	13,185,000
2020 Refunding Bonds	11/20/2019	8/1/2031	5.00%	13,650,000	10,415,000	-	1,110,000	9,305,000
2022 Refunding Bonds	9/29/2022	8/1/2032	5.00%	25,795,000	24,730,000	-	350,000	24,380,000
2023 Refunding Bonds	6/14/2023	8/1/2037	5.00%	21,115,000	20,725,000	-	5,270,000	15,455,000
2024 Refunding Bonds	7/2/2024	8/1/2035	5.00%	13,630,000	-	13,630,000	285,000	13,345,000
<b>Total</b>					<b>\$ 140,112,003</b>	<b>\$ 13,630,000</b>	<b>\$ 28,017,160</b>	<b>\$ 125,724,843</b>

**CAJON VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**A. General Obligation Bonds (continued)**

**2020 General Obligation Refunding Bonds (Forward Delivery)**

On November 20, 2019, the District issued \$13,650,000 of 2020 General Obligation Refunding Bonds (Forward Delivery). Proceeds from the bonds were used to establish an escrow portfolio to defease a portion of the remaining 2010 General Obligation Refunding Bonds on the forward delivery date on May 6, 2020. The net proceeds received for the 2020 General Obligation Refunding Bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2010 General Obligation Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by \$2,577,907 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,315,686.

**2022 General Obligation Refunding Bonds:** The District issued \$25,795,000 of 2022 General Obligation Refunding Bonds. Proceeds from the bonds were used to establish an escrow portfolio to defease a portion of or the remaining outstanding bonds issued in Election of 2008, Series C and the 2012 Refunding Bonds. The net proceeds received for the 2022 General Obligation Refunding Bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2008, Series C and the 2012 Refunding Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by \$1,881,837 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,560,466.

**2023 General Obligation Refunding Bonds:** The District issued \$21,115,000 of 2023 General Obligation Refunding Bonds. Proceeds from the bonds were used to establish an escrow portfolio to defease a portion of the remaining outstanding bonds issued in Election of 2012, Series A. The net proceeds received for the 2023 General Obligation Refunding Bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2012, Series A that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by \$5,528,628 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,738,885.

**2024 General Obligation Refunding Bonds:** The District issued \$13,630,000 of 2024 General Obligation Refunding Bonds. Proceeds from the bonds were used to establish an escrow portfolio to defease the remaining outstanding bonds issued for the 2014 Refunding Bonds. The net proceeds received for the 2024 General Obligation Refunding Bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2014 Refunding Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by \$1,295,776 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,100,378.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**A. General Obligation Bonds (continued)**

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2025, is as follows:

<u>Year Ended June 30,</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 14,264,843	\$ 5,766,350	\$ 20,031,193
2027	8,570,000	4,869,538	13,439,538
2028	9,500,000	4,440,038	13,940,038
2029	10,480,000	3,985,738	14,465,738
2030	10,400,000	3,483,163	13,883,163
2031 - 2035	40,390,000	10,551,563	50,941,563
2036 - 2040	26,910,000	3,887,753	30,797,753
2041	5,210,000	145,289	5,355,289
<b>Total</b>	<b>\$ 125,724,843</b>	<b>\$ 37,129,432</b>	<b>\$ 162,854,275</b>

\*Principal balance does not include accreted interest of \$4,568,625 at June 30, 2025

**B. Clean Renewable Energy Bonds**

In January 2017, the District entered into an agreement with the Public Property Financing Corporation to issue \$19,455,000 in clean renewable energy bonds to finance solar photovoltaic systems at various school sites within the District. The term of the agreement commenced on January 1, 2017 and ends on August 1, 2036 with an interest rate of 4.19% per annum. Principal payments are due on August 1 of each year through 2036, with interest payments due on February 1 and August 1 of each year during the term.

The annual requirements to amortize the clean renewable energy bonds outstanding as of June 30, 2025, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 984,000	\$ 480,499	\$ 1,464,499
2027	993,000	439,080	1,432,080
2028	1,003,000	397,264	1,400,264
2029	1,012,000	355,050	1,367,050
2030	1,022,000	312,438	1,334,438
2031 - 2035	5,255,000	908,863	6,163,863
2036 - 2037	1,690,749	60,969	1,751,718
<b>Total</b>	<b>\$ 11,959,749</b>	<b>\$ 2,954,163</b>	<b>\$ 14,913,912</b>

**C. Early Retirement Incentive**

The District had previously entered into a Supplementary Retirement Plan (SRP) for eligible employees through Public Agency Retirement Services (PARS). The incentive was financed over five years. The outstanding principal balance remaining as of June 30, 2025 is as follows:

<u>Year Ended June 30,</u>	<u>Payments</u>
2026	\$ 302,010
<b>Total</b>	<b>\$ 302,010</b>

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**D. Compensated Absences**

The restated beginning compensated absences balance was \$22,431,756 and increased by a net amount of \$369,589 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$22,801,345. This amount is included as part of long-term liabilities in the government-wide financial statements.

**E. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$37,635,721 and increased by \$4,746,504 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was \$42,382,225. See Note 10 for additional information regarding the total OPEB liability.

**F. Net Pension Liability**

The District's beginning net pension liability was \$232,789,730 and decreased by \$10,455,174 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$222,334,556. See Note 11 for additional information regarding the net pension liability.

**NOTE 9 – FUND BALANCES**

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

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 113,751	\$ -	\$ -	\$ -	\$ 113,751
Stores inventory	251,946	-	-	302,793	554,739
Prepaid expenditures	446,836	-	-	-	446,836
Total non-spendable	812,533	-	-	302,793	1,115,326
Restricted					
Educational programs	39,336,689	6,794,673	-	4,402,554	50,533,916
Food service	-	-	-	14,619,758	14,619,758
Associated student body	-	-	-	93,056	93,056
Capital projects	-	-	27,653,176	9,887,393	37,540,569
Debt service	-	-	-	21,945,577	21,945,577
Total restricted	39,336,689	6,794,673	27,653,176	50,948,338	124,732,876
Assigned					
Special reserve for other than capital outlay projects	6,013,563	-	-	-	6,013,563
Special reserve for postemployment benefits	10,267,170	-	-	-	10,267,170
Other assignments	30,785,089	-	-	-	30,785,089
Total assigned	47,065,822	-	-	-	47,065,822
Unassigned	51,041,225	-	-	-	51,041,225
<b>Total</b>	<b>\$ 138,256,269</b>	<b>\$ 6,794,673</b>	<b>\$ 27,653,176</b>	<b>\$ 51,251,131</b>	<b>\$ 223,955,249</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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

**A. Plan Description**

The District's defined benefit OPEB plan, CVUSD Retiree Health Care Plan (the Plan) provides OPEB for retirees and their eligible dependents that meet eligibility requirements until age 65. Retirees and their eligible dependents in the plan are eligible for the same medical plans as active employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the District's board of directors. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

**B. Benefits Provided**

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

The District provides retiree medical (including prescription drug benefits) and dental benefits to eligible retirees and their eligible dependents until the retiree turns age 65. An eligible retiree is only eligible for the level of coverage (retiree only, retiree plus spouse, or retiree plus family) they are receiving at retirement. Retired employees pay the same cost for coverage as an active employee. This cost varies based on the plans and level of coverage enrolled in. Employees in the management, supervisory and classified non-management units who are hired after July 1, 2015, will be eligible for retiree health/dental benefits for the retiring employee only. Family members can be covered by the retiree on a self-pay basis to retiree's age 65. Certificated unit employees hired after July 1, 2022, will be eligible for retiree health/dental benefits for retiring employee only.

Classified and Certificated non-management members pay 25% of the Kaiser premium, management, supervisory, and confidential members pay 30% of the Kaiser premium. If a member chooses UHC, they have to pay 100% of the additional cost in excess of the Kaiser costs except classified who pay 25% if UHC Network 1 is chosen.

The District does not provide any retiree medical or dental benefits beyond age 65 except for certain management employees and supervisors who may continue on the Kaiser Senior Advantage Plan and receive a maximum District contribution equal to \$50 per month.

Employees who retired prior to December 1, 2006 are eligible for \$1,200 annual amount if they have waived medical benefits. No new retirees may elect this benefit in the future except an active employee who had waived coverage at December 1, 2006 and retires with this same coverage in place.

Eligibility for retiree health coverage requires retirement on or after age 55 with at least 10 years of District service. A surviving spouse can continue coverage upon the death of the retiree until they attain age 65 for the same rate the retiree would pay for single coverage.

Board members are not eligible for retiree health benefits.

**C. Contributions**

As of the measurement period, the District contributed \$2,495,120 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	169
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>2,282</u>
<b>Total number of participants**</b>	<u><b>2,451</b></u>

\*Information not provided

\*\*As of the July 1, 2023 valuation date

**E. Total OPEB Liability**

The Cajon Valley Union School District’s total OPEB liability of \$42,382,225 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of July 1, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

**Economic assumptions:**

Payroll growth rate	2.80%
Discount rate	4.21%
Healthcare cost trend rates	8.00% decreasing to 4.50%

**Non-economic assumptions:**

*Mortality:*

SOA Pub-2010 Teachers Headcount-weighted Total Dataset Mortality Table fully generational using Scale MP-2021, SOA Pub-2010 General Headcount-weighted Total Dataset Mortality Table fully generational using Scale MP-2021

*Participation Rates:*

70% of future active employees are assumed to elect retiree health coverage at retirement. 20% of eligible (for reimbursement) retirees are assumed to continue on the Kaiser Senior Advantage Plan upon reaching age 65. We assume 70% of future retirees will enroll in a Kaiser Plan.

*Spouse Coverage:*

Of those electing coverage 60% of are assumed to elect coverage for their spouse. Spouses are assumed to be the same age as retiree. Employees in the management, supervisory and classified non-management units who are hired after July 1, 2015 are assumed to elect coverage for retiree only.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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

**F. Actuarial Assumptions and Other Inputs (continued)**

The actuarial assumptions used in the July 1, 2023 valuation were based on a review of plan experience.

This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

**G. Changes in Total OPEB Liability**

	<u>June 30, 2025</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 2,676,465
Interest on total OPEB liability	1,613,890
Difference between expected and actual experience	2,317,676
Changes of assumptions	633,593
Benefits payments	<u>(2,495,120)</u>
Net change in total OPEB liability	4,746,504
Total OPEB liability - beginning	<u>37,635,721</u>
Total OPEB liability - ending	<u>\$ 42,382,225</u>

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

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

	<b>1% Decrease</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(3.21%)</b>	<b>(4.21%)</b>	<b>(5.21%)</b>
Total OPEB liability	\$ 45,240,383	\$ 42,382,225	\$ 39,654,717

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

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b>(7.00%)</b>	<b>(8.00%)</b>	<b>(9.00%)</b>
Total OPEB liability	\$ 37,805,652	\$ 42,382,225	\$ 47,785,598

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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

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

For the year ended June 30, 2025, the Cajon Valley Union School District recognized OPEB expense of \$1,421,524. At June 30, 2025, the Cajon Valley Union School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,720,966	\$ 12,381,467
Changes in assumptions	2,260,163	18,533,657
District contributions subsequent to the measurement date	1,226,515	-
<b>Total</b>	<u>\$ 13,207,644</u>	<u>\$ 30,915,124</u>

The \$1,226,515 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 2,313,499	\$ 4,849,815
2027	2,313,499	4,849,815
2028	2,313,499	4,849,812
2029	2,037,984	3,843,030
2030	1,822,141	3,662,329
Thereafter	1,180,507	8,860,323
<b>Total</b>	<u>\$ 11,981,129</u>	<u>\$ 30,915,124</u>

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS**

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

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
CalSTRS Pension	\$ 118,939,424	\$ 56,282,610	\$ 15,265,492	\$ 14,724,285
CalPERS Pension	103,395,132	36,554,298	874,093	19,736,915
<b>Total</b>	<b>\$ 222,334,556</b>	<b>\$ 92,836,908</b>	<b>\$ 16,139,585</b>	<b>\$ 34,461,200</b>

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

**Plan Description**

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

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$24,500,227 for the year ended June 30, 2025.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$11,018,815 to CalSTRS.

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

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

District's proportionate share of the net pension liability	\$ 118,939,424
State's proportionate share of the net pension liability associated with the District	<u>54,570,655</u>
<b>Total</b>	<b><u>\$ 173,510,079</u></b>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District’s proportion was 0.177 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2023.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

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

For the year ended June 30, 2025, the District recognized pension expense of \$14,724,285. In addition, the District recognized pension expense and revenue of \$(5,213,881) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 479,916
Differences between expected and actual experience	13,453,580	5,201,154
Changes in assumptions	520,647	8,123,150
Changes in proportion and differences between District contributions and proportionate share of contributions	17,808,156	1,461,272
District contributions subsequent to the measurement date	24,500,227	-
<b>Total</b>	<u>\$ 56,282,610</u>	<u>\$ 15,265,492</u>

The \$24,500,227 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 6,876,178	\$ 12,775,597
2027	6,876,178	(6,736,530)
2028	6,146,919	3,414,309
2029	5,776,031	3,100,858
2030	3,934,566	1,352,973
2031	2,172,511	1,358,285
<b>Total</b>	<u>\$ 31,782,383</u>	<u>\$ 15,265,492</u>

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

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

\*Real return is net of assumed 2.75% inflation.

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

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

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

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
	<hr/>	<hr/>	<hr/>
District's proportionate share of the net pension liability	\$ 211,554,317	\$ 118,939,424	\$ 41,602,146

**Pension Plan Fiduciary Net Position**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Plan Description**

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

**Benefits Provided**

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

**Contributions**

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were \$16,907,304 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$103,395,132 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.289 percent, which was an increase of 0.020 percent from its proportion measured as of June 30, 2023.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$19,736,915. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 4,016,304	\$ -
Differences between expected and actual experience	8,668,170	739,995
Changes in assumptions	2,285,382	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,677,138	134,098
District contributions subsequent to the measurement date	16,907,304	-
<b>Total</b>	<u>\$ 36,554,298</u>	<u>\$ 874,093</u>

The \$16,907,304 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 7,365,990	\$ 874,093
2027	11,088,968	-
2028	2,462,855	-
2029	(1,270,819)	-
<b>Total</b>	<u>\$ 19,646,994</u>	<u>\$ 874,093</u>

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

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

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

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

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

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

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

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

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

**Discount Rate**

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

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

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

	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
District's proportionate share of the net pension liability	\$ 153,594,332	\$ 103,395,132	\$ 61,926,598

**Pension Plan Fiduciary Net Position**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2025**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**C. Construction Commitments**

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of \$3,630,681.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in three joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSR) the Protected Insurance Program for Schools (PIPS) and the Southern California Relief Property and Liability Insurance (SCR). The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPA's arrange for and provide for various types of insurances for its member districts as requested. The JPA's are governed by a board consisting of a representative from each member district. The board controls the operations of the JPA's, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Combined condensed unaudited financial information of the District's share of the Southern California Relief Property and Liability Insurance JPA and the Protected Insurance Program for Schools (PIPS) for the year ended June 30, 2025 can be obtained by contacting Keenan & Associates located at P.O. Box 4328, Torrance, California 90510.

Financial information on the District's share of the other JPA's for the year ended June 30, 2025 was not available at the time this report was issued. The information can be obtained by contacting the JPA's directly.

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 14 – RISK MANAGEMENT**

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. The District has one self-insurance fund (Internal Service Fund) to account for and finance its uninsured risks of loss and its self-insured dental plan.

All funds of the District participate in the program, but only the General Fund makes payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a liability for open claims and Incurred But Not Reported (IBNR) claims. The claims liability of \$458,513 is included in accounts payable and is reported in accordance with Financial Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated at the end of the fiscal year. Changes in the Internal Service Fund's claim liability in the fiscal year ended June 30, 2025 are indicated below:

	<b>Total</b>
Liability Balance, July 01, 2024	\$ 445,777
Claims & changes in estimates	(1,362,803)
Claims payments	1,375,539
Liability Balance, June 30, 2025	<u>\$ 458,513</u>

**NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflows or inflows of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflows or inflows of resources are recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2025, total deferred outflows related to the refunded debt was \$4,679,565 and the total deferred inflows related to the refunded debt was \$1,401,678.

**B. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was \$92,836,908 and total deferred inflows related to pensions was \$16,139,585.

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2025**

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**NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)**

**C. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$13,207,644 and total deferred inflows related to other postemployment benefits was \$30,915,124.

**D. Leases**

Pursuant to GASB Statement No. 87, *Leases*, the District recognized deferred inflows of resources related to leases in the District-wide financial statements. Further information regarding the deferred inflows of resources can be found at Note 3. At June 30, 2025, total deferred inflows related to leases was \$6,957,518.

**NOTE 16 – RESTATEMENT OF NET POSITION**

The beginning net position of the Governmental Activities has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16.

The cumulative effect of applying GASB 101 required a restatement of the beginning net position, as follows:

	<b>Governmental Activities</b>
Net Position - Beginning, as Previously Reported	\$ 149,767,173
Restatement	<u>(20,272,950)</u>
Net Position - Beginning, as Restated	<u>\$ 129,494,223</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CAJON VALLEY UNION SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 208,140,127	\$ 217,813,245	\$ 217,832,019	\$ 18,774
Federal sources	14,730,759	25,002,011	22,362,045	(2,639,966)
Other state sources	48,515,285	55,914,923	53,948,838	(1,966,085)
Other local sources	29,684,105	42,943,909	44,645,192	1,701,283
<b>Total Revenues</b>	<b>301,070,276</b>	<b>341,674,088</b>	<b>338,788,094</b>	<b>(2,885,994)</b>
<b>EXPENDITURES</b>				
Certificated salaries	120,131,467	128,903,396	127,363,692	1,539,704
Classified salaries	58,098,030	60,994,307	59,717,770	1,276,537
Employee benefits	81,307,921	86,055,306	81,527,914	4,527,392
Books and supplies	11,001,296	25,539,425	8,879,288	16,660,137
Services and other operating expenditures	27,723,603	41,067,867	37,574,180	3,493,687
Capital outlay	2,331,000	19,822,770	12,615,989	7,206,781
Other outgo				
Excluding transfers of indirect costs	1,327,634	1,366,601	1,523,732	(157,131)
Transfers of indirect costs	(929,345)	(983,513)	(708,341)	(275,172)
<b>Total Expenditures</b>	<b>300,991,606</b>	<b>362,766,159</b>	<b>328,494,224</b>	<b>34,271,935</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>78,670</b>	<b>(21,092,071)</b>	<b>10,293,870</b>	<b>31,385,941</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,193,337)	(7,394,333)	(9,535,677)	(2,141,344)
<b>Net Financing Sources (Uses)</b>	<b>(1,193,337)</b>	<b>(7,394,333)</b>	<b>(9,535,677)</b>	<b>(2,141,344)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,114,667)</b>	<b>(28,486,404)</b>	<b>758,193</b>	<b>29,244,597</b>
<b>Fund Balance - Beginning</b>	<b>121,217,343</b>	<b>121,217,343</b>	<b>121,217,343</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 120,102,676</b>	<b>\$ 92,730,939</b>	<b>\$ 121,975,536</b>	<b>\$ 29,244,597</b>

\* 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 Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit reclassifications are not reflected in the schedule above.

**CAJON VALLEY UNION SCHOOL DISTRICT  
 CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 18,200,383	\$ 17,298,703	\$ 17,315,973	\$ 17,270
Federal sources	315,261	447,461	453,170	5,709
Other state sources	1,380,346	3,918,713	4,749,425	830,712
Other local sources	379,265	545,395	853,562	308,167
<b>Total Revenues</b>	<b>20,275,255</b>	<b>22,210,272</b>	<b>23,372,130</b>	<b>1,161,858</b>
<b>EXPENDITURES</b>				
Certificated salaries	7,149,693	7,672,403	7,412,259	260,144
Classified salaries	1,515,614	1,797,467	1,463,605	333,862
Employee benefits	3,362,339	3,739,831	3,852,946	(113,115)
Books and supplies	298,274	599,303	425,147	174,156
Services and other operating expenditures	6,893,247	6,983,843	7,732,595	(748,752)
Capital outlay	-	33,547	33,528	19
<b>Total Expenditures</b>	<b>19,219,167</b>	<b>20,826,394</b>	<b>20,920,080</b>	<b>(93,686)</b>
<b>NET CHANGE IN FUND BALANCE</b>				
	1,056,088	1,383,878	2,452,050	1,068,172
<b>Fund Balance - Beginning</b>	<b>4,342,623</b>	<b>4,342,623</b>	<b>4,342,623</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,398,711</b>	<b>\$ 5,726,501</b>	<b>\$ 6,794,673</b>	<b>\$ 1,068,172</b>

See accompanying notes to required supplementary information.

**CAJON VALLEY UNION SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>								
Service cost	\$ 2,676,465	\$ 3,544,058	\$ 4,612,617	\$ 3,405,606	\$ 3,128,235	\$ 3,146,966	\$ 3,242,033	\$ 3,135,428
Interest on total OPEB liability	1,613,890	2,213,130	1,342,552	1,466,614	1,637,802	1,956,155	1,893,208	1,798,093
Difference between expected and actual experience	2,317,676	(8,225,164)	(2,624,346)	13,743,102	(1,626,361)	(9,061,044)	(1,925,272)	-
Changes of assumptions	633,593	(9,147,354)	(6,700,155)	(11,117,911)	1,942,622	2,479,626	(402,339)	-
Benefits payments	<u>(2,495,120)</u>	<u>(2,799,592)</u>	<u>(2,723,916)</u>	<u>(2,348,569)</u>	<u>(2,085,660)</u>	<u>(2,729,335)</u>	<u>(2,280,649)</u>	<u>(2,204,590)</u>
Net change in total OPEB liability	4,746,504	(14,316,732)	(6,093,248)	5,148,842	2,996,638	(4,207,632)	526,981	2,728,931
Total OPEB liability - beginning	<u>37,635,721</u>	<u>51,952,453</u>	<u>58,045,701</u>	<u>52,896,859</u>	<u>49,900,221</u>	<u>54,107,853</u>	<u>53,580,872</u>	<u>50,851,941</u>
Total OPEB liability - ending	<u>\$ 42,382,225</u>	<u>\$ 37,635,721</u>	<u>\$ 51,952,453</u>	<u>\$ 58,045,701</u>	<u>\$ 52,896,859</u>	<u>\$ 49,900,221</u>	<u>\$ 54,107,853</u>	<u>\$ 53,580,872</u>
Covered-employee payroll	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
District's total OPEB liability as a percentage of covered-employee payroll	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A

\*The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.177%	0.178%	0.161%	0.162%	0.158%	0.154%	0.153%	0.144%	0.141%	0.144%
District's proportionate share of the net pension liability	\$ 118,939,424	\$ 135,318,510	\$ 111,845,814	\$ 73,934,516	\$ 153,291,409	\$ 139,255,964	\$ 140,686,634	\$ 133,314,900	\$ 113,997,545	\$ 96,947,587
State's proportionate share of the net pension liability associated with the District	<u>54,570,655</u>	<u>64,836,075</u>	<u>56,012,712</u>	<u>37,201,755</u>	<u>79,021,100</u>	<u>75,974,039</u>	<u>80,846,908</u>	<u>79,167,786</u>	<u>65,212,213</u>	<u>51,619,490</u>
<b>Total</b>	<u>\$ 173,510,079</u>	<u>\$ 200,154,585</u>	<u>\$ 167,858,526</u>	<u>\$ 111,136,271</u>	<u>\$ 232,312,509</u>	<u>\$ 215,230,003</u>	<u>\$ 221,533,542</u>	<u>\$ 212,482,686</u>	<u>\$ 179,209,758</u>	<u>\$ 148,567,077</u>
District's covered payroll	\$ 120,592,531	\$ 109,821,363	\$ 95,497,531	\$ 88,213,459	\$ 86,995,488	\$ 83,691,370	\$ 81,417,831	\$ 76,219,730	\$ 70,026,207	\$ 66,545,735
District's proportionate share of the net pension liability as a percentage of its covered payroll	98.63%	123.22%	117.12%	83.81%	176.21%	166.39%	172.80%	174.91%	162.79%	145.69%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.289%	0.269%	0.268%	0.270%	0.261%	0.245%	0.235%	0.228%	0.221%	0.214%
District's proportionate share of the net pension liability	\$ 103,395,132	\$ 97,471,220	\$ 92,178,801	\$ 54,913,020	\$ 80,165,517	\$ 71,408,182	\$ 62,517,351	\$ 54,512,695	\$ 43,714,141	\$ 31,532,006
District's covered payroll	\$ 57,586,760	\$ 47,132,558	\$ 41,555,846	\$ 39,003,899	\$ 38,102,157	\$ 34,127,561	\$ 31,596,413	\$ 29,328,348	\$ 26,803,139	\$ 23,789,294
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.55%	206.80%	221.82%	140.79%	210.40%	209.24%	197.86%	185.87%	163.09%	132.55%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.00%	69.80%	81.00%	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 24,500,227	\$ 22,789,482	\$ 20,780,472	\$ 16,093,963	\$ 14,254,730	\$ 14,805,876	\$ 13,624,955	\$ 11,748,593	\$ 9,588,442	\$ 7,513,812
Contributions in relation to the contractually required contribution*	(24,500,227)	(22,789,482)	(20,780,472)	(16,093,963)	(14,254,730)	(14,805,876)	(13,624,955)	(11,748,593)	(9,588,442)	(7,513,812)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 129,341,125	\$ 120,592,531	\$ 109,821,363	\$ 95,497,531	\$ 88,213,459	\$ 86,995,488	\$ 83,691,370	\$ 81,417,831	\$ 76,219,730	\$ 70,026,207
Contributions as a percentage of covered payroll	18.94%	18.90%	18.92%	16.85%	16.16%	17.02%	16.28%	14.43%	12.58%	10.73%

\*Amounts do not include on-behalf contributions

**CAJON VALLEY UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 16,907,304	\$ 15,310,227	\$ 11,927,281	\$ 9,489,417	\$ 8,188,828	\$ 7,479,215	\$ 6,203,812	\$ 4,907,239	\$ 4,073,121	\$ 3,175,368
Contributions in relation to the contractually required contribution*	(16,907,304)	(15,310,227)	(11,927,281)	(9,489,417)	(8,188,828)	(7,479,215)	(6,203,812)	(4,907,239)	(4,073,121)	(3,175,368)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 62,690,945	\$ 57,586,760	\$ 47,132,558	\$ 41,555,846	\$ 39,003,899	\$ 38,102,157	\$ 34,127,561	\$ 31,596,413	\$ 29,328,348	\$ 26,803,139
Contributions as a percentage of covered payroll	26.97%	26.59%	25.31%	22.84%	20.99%	19.63%	18.18%	15.53%	13.89%	11.85%

\*Amounts do not include on-behalf contributions

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of Changes in Total OPEB Liability and Related Ratios**

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

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for OPEB.

**Changes in Assumptions**

The prior measurement period used a discount rate of 4.13%, while the current measurement period uses a discount rate of 4.21%. This change has caused a slight decrease in liabilities.

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

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
 FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of District Contributions**

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

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

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

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 1,366,601	\$ 1,523,732	\$ 157,131
Charter Schools Fund			
Employee benefits	\$ 3,739,831	\$ 3,852,946	\$ 113,115
Services and other operating expenditures	\$ 6,983,843	\$ 7,732,595	\$ 748,752

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## **SUPPLEMENTARY INFORMATION**

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**CAJON VALLEY UNION SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 8,716,695
Comprehensive Support and Improvement for LEAs	84.010	15438	473,505
Subtotal Title I, Part A			<u>9,190,200</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	895,207
Title III [1]			
Title III, English Learner Student Program	84.365	14346	890,865
Title III, Immigrant Education Program	84.365	15146	222,340
Subtotal Title III			<u>1,113,205</u>
Title IV, Part A, Student Support and Academic Enrichment Grants [1]	84.424	15396	1,093,868
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,532,882
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	90,319
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	210,809
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	244,635
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	36,765
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,775
Subtotal Special Education Cluster			<u>5,117,185</u>
IDEA Early Intervention Grants, Part C	84.181	23761	26,945
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	4,166,871
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	3,045
<i>Passed through San Diego County Office of Education:</i>			
ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425	15652	792,761
Subtotal Education Stabilization Fund Discretionary Grants			<u>4,962,677</u>
<b>Total U. S. Department of Education</b>			<u>22,399,287</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster [1]			
School Breakfast Program - Needy	10.553	13526	2,098,050
National School Lunch Program	10.555	13391	7,907,583
USDA Commodities [2]	10.555	*	815,581
Meal Supplements	10.555	*	684,695
Summer Food Service Program for Children	10.559	13004	144,803
Subtotal Child Nutrition Cluster			<u>11,650,712</u>
<i>Passed through California Department of Social Services:</i>			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care	10.558	13393	24,672
Subtotal Child and Adult Care Food Program			<u>24,672</u>
<b>Total U. S. Department of Agriculture</b>			<u>11,675,384</u>
<b>U. S. DEPARTMENT OF THE INTERIOR:</b>			
<i>Direct Award:</i>			
Wild Life Restoration	15.611	*	8,873
<b>Total U. S. Department of the Interior</b>			<u>8,873</u>
<b>U. S. DEPARTMENT OF JUSTICE:</b>			
<i>Direct Award:</i>			
STOP School Violence Program	16.839	*	407,055
<b>Total U. S. Department of Justice</b>			<u>407,055</u>
<b>Total Federal Expenditures</b>			<u>\$ 34,490,599</u>

[1] - Major Program  
 [2] - In-Kind Contribution  
 \* - Pass-Through Entity Identifying Number not available or not applicable

**CAJON VALLEY UNION SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2025**

**DISTRICT**

	<b>Second Period Report</b>	<b>Annual Report</b>
<b>SCHOOL DISTRICT</b>		
TK/K through Third		
Regular ADA	6,703.34	6,708.45
Extended Year Special Education	11.17	11.17
Special Education - Nonpublic Schools	2.16	2.30
Extended Year Special Education - Nonpublic Schools	0.20	0.20
Total TK/K through Third	6,716.87	6,722.12
Fourth through Sixth		
Regular ADA	4,903.21	4,887.52
Extended Year Special Education	5.27	5.27
Special Education - Nonpublic Schools	9.71	9.13
Extended Year Special Education - Nonpublic Schools	1.29	1.29
Total Fourth through Sixth	4,919.48	4,903.21
Seventh through Eighth		
Regular ADA	3,288.05	3,269.87
Extended Year Special Education	3.92	3.92
Special Education - Nonpublic Schools	7.18	6.99
Extended Year Special Education - Nonpublic Schools	1.35	1.35
Total Seventh through Eighth	3,300.50	3,282.13
TOTAL SCHOOL DISTRICT	14,936.85	14,907.46

**BOSTONIA GLOBAL CHARTER SCHOOL**

	<b>Second Period Report</b>	<b>Annual Report</b>
<b>CHARTER SCHOOL</b>		
TK/K through Third		
Regular ADA	476.33	475.93
Total TK/K through Third	476.33	475.93
Fourth through Sixth		
Regular ADA	245.28	245.49
Total Fourth through Sixth	245.28	245.49
Seventh through Eighth		
Regular ADA	204.62	203.27
Total Seventh through Eighth	204.62	203.27
Ninth through Twelfth		
Regular ADA	241.19	237.47
Total Ninth through Twelfth	241.19	237.47
TOTAL CHARTER SCHOOL	1,167.42	1,162.16

See accompanying note to supplementary information.

**CAJON VALLEY UNION SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2025**

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**DISTRICT**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2024-25 Actual</b>		<b>Status</b>
		<b>Instructional Minutes</b>	<b>Number of Days</b>	
Kindergarten	36,000	57,720	180	Complied
Grade 1	50,400	53,460	180	Complied
Grade 2	50,400	53,460	180	Complied
Grade 3	50,400	53,460	180	Complied
Grade 4	54,000	54,360	180	Complied
Grade 5	54,000	54,360	180	Complied
Grade 6	54,000	62,116	180	Complied
Grade 7	54,000	62,116	180	Complied
Grade 8	54,000	62,116	180	Complied

**BOSTONIA GLOBAL CHARTER SCHOOL**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2024-25 Actual</b>		<b>Status</b>
		<b>Instructional Minutes</b>	<b>Number of Days</b>	
Kindergarten	36,000	48,720	180	Complied
Grade 1	50,400	51,100	180	Complied
Grade 2	50,400	51,100	180	Complied
Grade 3	50,400	51,290	180	Complied
Grade 4	54,000	54,130	180	Complied
Grade 5	54,000	54,130	180	Complied
Grade 6	54,000	54,130	180	Complied
Grade 7	54,000	55,550	180	Complied
Grade 8	54,000	55,550	180	Complied
Grade 9	64,800	66,050	180	Complied
Grade 10	64,800	66,050	180	Complied
Grade 11	64,800	66,050	180	Complied
Grade 12	64,800	66,050	180	Complied

**CAJON VALLEY UNION SCHOOL DISTRICT  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<b>2026 (Budget)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 318,098,006	\$ 338,788,094	\$ 332,361,899	\$ 324,393,993
Expenditures And Other Financing Uses	327,211,565	338,029,901	327,928,240	282,590,803
Net change in Fund Balance	<u>\$ (9,113,559)</u>	<u>\$ 758,193</u>	<u>\$ 4,433,659</u>	<u>\$ 41,803,190</u>
Ending Fund Balance	<u>\$ 112,861,977</u>	<u>\$ 121,975,536</u>	<u>\$ 121,217,343</u>	<u>\$ 116,783,684</u>
Available Reserves*	<u>\$ 80,529,271</u>	<u>\$ 51,041,224</u>	<u>\$ 49,782,331</u>	<u>\$ 52,741,953</u>
Available Reserves As A Percentage Of Outgo	<u>24.61%</u>	<u>15.10%</u>	<u>15.18%</u>	<u>18.66%</u>
Long-term Liabilities	<u>\$ 411,208,270</u>	<u>\$ 441,515,965</u>	<u>\$ 443,712,620</u>	<u>\$ 442,829,775</u>
Average Daily Attendance At P-2	<u>14,915</u>	<u>14,937</u>	<u>14,459</u>	<u>14,038</u>

The General Fund ending fund balance has increased by \$5,191,852 over the past two years. However, the fiscal year 2025-26 budget projects a decrease of \$9,113,559. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have decreased by \$1,313,810 over the past two years.

Average daily attendance has increased by 899 over the past two years. However, a decrease of 22 ADA is anticipated during the 2025-26 fiscal year.

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

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit reclassifications are not reflected in the schedule above.

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

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	<b>General Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>	<b>Special Reserve Fund for Postemployment Benefits</b>
June 30, 2025, annual financial and budget report fund balance	\$ 121,975,536	\$ 6,013,563	\$ 10,267,170
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	16,280,733	(6,013,563)	(10,267,170)
Net adjustments and reclassifications	16,280,733	(6,013,563)	(10,267,170)
June 30, 2025, audited financial statement fund balance	<u>\$ 138,256,269</u>	<u>\$ -</u>	<u>\$ -</u>

**CAJON VALLEY UNION SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2025**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0683	EJE Elementary Academy Charter School	Active	No
1063	EJE Middle Academy Charter School	Active	No
2054	Kidinnu Academy Charter School	Active	No
2105	Bostonia Global Charter School	Active	Yes

See accompanying note to supplementary information.

**CAJON VALLEY UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2025**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 93,056	\$ 4,173,676	\$ 11,612,569	\$ 1,633,956	\$ 8,220,124	\$ 21,945,577	\$ 47,678,958
Accounts receivable	-	494,746	3,946,085	54,156	116,570	-	4,611,557
Stores inventory	-	-	302,793	-	-	-	302,793
<b>Total Assets</b>	<b>\$ 93,056</b>	<b>\$ 4,668,422</b>	<b>\$ 15,861,447</b>	<b>\$ 1,688,112</b>	<b>\$ 8,336,694</b>	<b>\$ 21,945,577</b>	<b>\$ 52,593,308</b>
<b>LIABILITIES</b>							
Accrued liabilities	\$ -	\$ 41,474	\$ 376,394	\$ 8,687	\$ 128,726	\$ -	\$ 555,281
Due to other funds	-	224,394	542,240	-	-	-	766,634
Unearned revenue	-	-	20,262	-	-	-	20,262
<b>Total Liabilities</b>	<b>-</b>	<b>265,868</b>	<b>938,896</b>	<b>8,687</b>	<b>128,726</b>	<b>-</b>	<b>1,342,177</b>
<b>FUND BALANCES</b>							
Non-spendable	-	-	302,793	-	-	-	302,793
Restricted	93,056	4,402,554	14,619,758	1,679,425	8,207,968	21,945,577	50,948,338
<b>Total Fund Balances</b>	<b>93,056</b>	<b>4,402,554</b>	<b>14,922,551</b>	<b>1,679,425</b>	<b>8,207,968</b>	<b>21,945,577</b>	<b>51,251,131</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 93,056</b>	<b>\$ 4,668,422</b>	<b>\$ 15,861,447</b>	<b>\$ 1,688,112</b>	<b>\$ 8,336,694</b>	<b>\$ 21,945,577</b>	<b>\$ 52,593,308</b>

See accompanying note to supplementary information.

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

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
<b>REVENUES</b>							
Federal sources	\$ -	\$ -	\$ 11,675,384	\$ -	\$ -	\$ -	\$ 11,675,384
Other state sources	-	3,734,077	4,417,336	-	-	98,073	8,249,486
Other local sources	228,770	225,507	994,269	1,062,668	414,817	20,417,772	23,343,803
<b>Total Revenues</b>	<b>228,770</b>	<b>3,959,584</b>	<b>17,086,989</b>	<b>1,062,668</b>	<b>414,817</b>	<b>20,515,845</b>	<b>43,268,673</b>
<b>EXPENDITURES</b>							
Current							
Instruction	-	2,644,448	-	-	-	-	2,644,448
Instruction-related services							
Instructional supervision and administration	-	203,763	-	-	-	-	203,763
School site administration	-	278,484	-	-	-	-	278,484
Pupil services							
Food services	-	-	14,844,246	-	-	-	14,844,246
General administration							
All other general administration	-	215,491	492,850	10,875	-	-	719,216
Plant services	-	-	156,688	717	-	-	157,405
Facilities acquisition and construction	-	-	-	468,626	603,832	-	1,072,458
Ancillary services	269,399	-	-	-	-	-	269,399
Debt service							
Principal	-	-	-	-	-	13,267,160	13,267,160
Interest and other	-	-	-	-	-	5,825,716	5,825,716
<b>Total Expenditures</b>	<b>269,399</b>	<b>3,342,186</b>	<b>15,493,784</b>	<b>480,218</b>	<b>603,832</b>	<b>19,092,876</b>	<b>39,282,295</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(40,629)</b>	<b>617,398</b>	<b>1,593,205</b>	<b>582,450</b>	<b>(189,015)</b>	<b>1,422,969</b>	<b>3,986,378</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	18,194	-	-	-	18,194
Other sources	-	-	-	-	-	15,216,115	15,216,115
Other uses	-	-	-	-	-	(15,003,707)	(15,003,707)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>18,194</b>	<b>-</b>	<b>-</b>	<b>212,408</b>	<b>230,602</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(40,629)</b>	<b>617,398</b>	<b>1,611,399</b>	<b>582,450</b>	<b>(189,015)</b>	<b>1,635,377</b>	<b>4,216,980</b>
<b>Fund Balance - Beginning</b>	<b>133,685</b>	<b>3,785,156</b>	<b>13,311,152</b>	<b>1,096,975</b>	<b>8,396,983</b>	<b>20,310,200</b>	<b>47,034,151</b>
<b>Fund Balance - Ending</b>	<b>\$ 93,056</b>	<b>\$ 4,402,554</b>	<b>\$ 14,922,551</b>	<b>\$ 1,679,425</b>	<b>\$ 8,207,968</b>	<b>\$ 21,945,577</b>	<b>\$ 51,251,131</b>

See accompanying note to supplementary information.

**CAJON VALLEY UNION SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

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

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

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the District and whether article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**Schedule of Charter Schools**

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

**Combining Statements – Non-Major Funds**

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

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## **OTHER INFORMATION**

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**CAJON VALLEY UNION SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2025**

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The Cajon Valley Union School District was established in 1920 and is comprised of an area of approximately 66.3 square miles located in eastern San Diego County. There were no changes in the boundaries of the District during the current year. The District operates eighteen elementary schools, five middle schools, one early childhood school, one home school, one community day school, and twelve state preschools. In addition, the District operates the Bostonia Global Charter School.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Karen Clark-Mejia	President	December 2028
Emily Schworm	Vice President	December 2026
Jolyana Jirjees	Member	December 2026
James P. Miller Jr	Member	December 2028
Anthony Carnevale	Member	December 2026

**DISTRICT ADMINISTRATORS**

**David Miyashiro, Ed.D**  
*Superintendent*

**Karen Minshew**  
*Assistant Superintendent  
 Educational Services*

**Michelle Hayes**  
*Assistant Superintendent  
 Personnel Services*

**Scott Buxbaum**  
*Assistant Superintendent  
 Business Services*

**Jonathon Guertin**  
*Chief Technology Officer  
 Technology Services*

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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

Governing Board  
Cajon Valley Union School District  
El Cajon, 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 Cajon Valley Union School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cajon Valley Union School District's basic financial statements, and have issued our report thereon dated January 26, 2026.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Christy White, Inc.*

San Diego, California  
January 26, 2026

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

Governing Board  
Cajon Valley Union School District  
El Cajon, California

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

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit for Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

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

## Report on Internal Control Over Compliance (continued)

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

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

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

*Christy White, Inc.*

San Diego, California  
January 26, 2026

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

Governing Board  
Cajon Valley Union School District  
El Cajon, California

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

We have audited Cajon Valley Union School District's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Cajon Valley Union School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

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

***Basis for Opinion on State Compliance***

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

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

***Responsibilities of Management for Compliance***

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

**Auditor’s Responsibilities for the Audit of State Compliance**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

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

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

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

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
<b>Charter Schools</b>	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
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, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

**Report on Internal Control Over Compliance**

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

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

***Report on Internal Control Over Compliance (continued)***

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
January 26, 2026

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**CAJON VALLEY UNION SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>
<u>84.365</u>	<u>Title III</u>
<u>84.424</u>	<u>Title IV, Part A</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,034,718</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

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

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

**CAJON VALLEY UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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