Financial Statements
June 30, 2025

Rialto Unified School District

Rialto Unified School District
Table of Contents
June 30, 2025

Independent Auditor's Report 1

Management's Discussion and Analysis 5

Government-Wide Financial Statements

- Statement of Net Position 15
- Statement of Activities 16

Governmental Fund Financial Statements

- Balance Sheet – Governmental Funds 18
- Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 19
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 21
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23

Proprietary Fund Financial Statements

- Statement of Net Position – Proprietary Funds 25
- Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds 26
- Statement of Cash Flows – Proprietary Funds 27

Fiduciary Fund Financial Statements

- Statement of Net Position – Fiduciary Funds 28
- Statement of Changes in Net Position – Fiduciary Funds 29

Notes to Financial Statements 30

Required Supplementary Information

- Budgetary Comparison Schedule – General Fund 76
- Budgetary Comparison Schedule – Cafeteria Fund 77
- Schedule of Changes in the District's Net OPEB Liability and Related Ratios 78
- Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program 80
- Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS 81
- Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS 82
- Schedule of the District's Contributions - CalSTRS 83
- Schedule of the District's Contributions - CalPERS 84
- Notes to Required Supplementary Information 85

Supplementary Information

- Schedule of Expenditures of Federal Awards 87
- Schedule of Average Daily Attendance 90
- Schedule of Instructional Time 91
- Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 92
- Schedule of Financial Trends and Analysis 93
- Combining Balance Sheet – Non-Major Governmental Funds 94
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds 95
- Notes to Supplementary Information 96

Other Information

Local Education Agency Organization Structure (Unaudited) 98

Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 99

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance 101

Independent Auditor's Report on State Compliance and on Internal Control Over Compliance 105

Schedule of Findings and Questioned Costs

Summary of Auditor's Results 109
Financial Statement Findings 110
Federal Awards Findings and Questioned Costs 113
State Compliance Findings and Questioned Costs 117
Summary Schedule of Prior Audit Findings 118

Management Letter 120

Independent Auditor's Report

To the Governing Board
Rialto Unified School District
Rialto, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

Correction of an Error

As discussed in Note 16 to the financial statements, certain errors resulting in an understatement of amounts previously reported for accounts payable and cash in banks as of June 30, 2024, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the Cafeteria Fund fund balance and governmental activities and business-type activities net positions as of July 1, 2024, to correct the errors. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Ontario, California
February 27, 2026

This section of Rialto Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

The Primary unit of the government is the Rialto Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in net position. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

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

Business-Type Activities – An enterprise fund operates as a business-type activity. Currently, the District has one enterprise fund and the fund is used to operate the District's compressed natural gas station (CNG) station.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide financial statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, such as our funds for community facility district (CFD) activities. The District's fiduciary activities are reported in the Fiduciary Fund Financial Statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $376,970,366 for the fiscal year ended June 30, 2025. Of this amount, $(127,084,081) was unrestricted deficit. 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 net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2025	2024*
Assets		
Current and other assets	$ 596,535,236	$ 520,633,047
Capital assets	386,456,825	372,052,081
Total assets	982,992,061	892,685,128
Deferred outflows of resources	127,389,210	128,611,248
Liabilities		
Current liabilities	68,441,687	49,823,824
Long-term liabilities	639,969,697	582,701,790
Total liabilities	708,411,384	632,525,614
Deferred inflows of resources	24,999,521	19,111,410
Net Position		
Net investment in capital assets	259,857,812	292,801,454
Restricted	244,196,635	243,688,992
Unrestricted (deficit)	(127,084,081)	(166,831,094)
Total net position	$ 376,970,366	$ 369,659,352

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes; however, amounts have been restated for the effects of the correction of an error. See Note 16 for further information.

The ($127,084,081) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations. Unrestricted deficit – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 23.8% ($127,084,081) compared to ($166,831,094)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	$ 2,412,339	$ 2,154,815
Operating grants and contributions	198,962,144	195,009,578
Capital grants and contributions	5,834	14,151
General revenues		
Federal and State aid not restricted	304,487,319	316,002,932
Property taxes	62,963,948	71,204,741
Other general revenues	19,887,578	13,163,291
Total revenues	588,719,162	597,549,508
Expenses		
Instruction-related	325,475,018	321,897,326
Pupil services	81,526,757	77,327,147
Administration	28,623,115	29,607,168
Plant services	73,903,304	43,937,877
All other services	40,215,102	40,145,243
Total expenses	549,743,296	512,914,761
Change in net position	$ 38,975,866	$ 84,634,747

* The amounts for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes; however, amounts have been restated for the effects of the correction of an error. See Note 16 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $549,743,296. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $62,963,948 because the cost was paid by those who benefited from the programs ($2,412,339) or by other governments and organizations who subsidized certain programs with grants and contributions ($198,967,978). We paid for the remaining "public benefit" portion of our governmental activities with $304,487,319 in State funds, and with $19,887,578 in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	$ 325,475,018	$ 321,897,326	$ (228,805,414)	$ (209,009,189)
Pupil services	81,526,757	77,327,147	(32,304,080)	(35,208,978)
Administration	28,623,115	29,607,168	(21,766,891)	(21,810,199)
Plant services	73,903,304	43,937,877	(42,784,242)	(18,753,066)
All other services	40,215,102	40,145,243	(22,702,352)	(30,954,785)
Total	$ 549,743,296	$ 512,914,761	$ (348,362,979)	$ (315,736,217)

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes; however, amounts have been restated for the effects of the correction of an error. See Note 16 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $529,738,471, which is an increase of $57,372,595 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2024 as Restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General Fund	$ 217,426,217	$ 520,622,186	$ 514,190,934	$ 223,857,469
Student Activity Fund	1,454,371	2,177,542	1,993,257	1,638,656
Adult Education Fund	226,260	1,904,624	1,849,925	280,959
Child Development Fund	4,630,249	8,094,158	6,623,848	6,100,559
Cafeteria Fund	84,347,136	36,348,275	22,493,618	98,201,793
Building Fund	94,578,535	5,199,361	18,454,308	81,323,588
Capital Facilities Fund	10,684,954	2,924,388	6,457,694	7,151,648
County School Facilities Fund	14,151	5,834	-	19,985
Special Reserve Fund for Capital Outlay Projects	33,444,403	66,571,105	7,667,619	92,347,889
Bond Interest and Redemption Fund	25,559,600	13,396,021	20,139,696	18,815,925
Total	$ 472,365,876	$ 657,243,494	$ 599,870,899	$ 529,738,471

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased $6.4 million to $223.8 million. The District received one-time revenue that will be used to sustain fiscal solvency in future years, which is reflected in the fund balance.
2. The $1.4 million increase in the Child Development Fund is due to receiving one-time funds that will be used to subsidize the cost of the program.
3. The increase in the Cafeteria Fund is primarily attributed to the department maximizing the use of federal commodities as well as one-time federal and state funding, which provide a cost savings.
4. Our Special Reserve Fund has an increase from the prior year showing a net increase of approximately $58.9 million. The increase in the Special Reserve Fund was due to the issuance of a certificate of participation bonds for the financing of the new Central Kitchen.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 25, 2025. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 76).

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had $386,456,825 in a broad range of capital assets (net of depreciation and amortization). This amount represents a net increase (including additions, deductions, depreciation, and amortization) of $14,404,744, or 3.9%, from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	$ 100,882,120	$ 82,499,026
Buildings and improvements	248,048,819	245,975,733
Furniture and equipment	32,131,127	37,058,636
Right-to-use subscription IT assets	5,394,759	6,518,686
Total	$ 386,456,825	$ 372,052,081

This year's additions of $44,196,526 included the completion of Eisenhower High Schools two story building, Rialto High School theater seat replacement, the Myers Elementary School portables rehabilitation, various District-Wide asphalt projects, and the Eisenhower and Rialto High School baseball lighting. Proceeds from the issuance of general obligations bonds will be used for modernization, renovation, and construction of various school facilities in accordance with voter approved measures.

Several capital projects are planned for the 2025-2026 year. We present more detailed information about our capital assets in the notes to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $639,969,697 in long-term liabilities outstanding versus $582,701,790 last year, an increase of 9.8%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	$ 199,298,627	$ 208,053,341
Unamortized debt premiums - GO Bonds	4,548,155	4,858,692
Unamortized debt discounts - GO Bonds	(50,453)	(121,687)
Certificates of participation	44,365,000	-
Unamortized debt premiums - COPs	6,044,812	-
Leases	-	3,386
Subscription-based IT arrangements	1,766,722	1,467,648
Financed purchase agreement - energy upgrades	5,849,439	6,599,537
Financed purchase agreement - energy efficiency	76,813	208,493
City of Rialto redevelopment agency loan	4,137,934	4,177,987
Compensated absences	27,364,978	1,070,870
Supplemental early retirement plan	15,282,036	1,689,966
Contingent legal liability	-	2,000,000
Net OPEB liability	22,414,300	26,558,421
Aggregate net pension liability	308,871,334	326,135,136
Total	$ 639,969,697	$ 582,701,790

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-2025 ARE NOTED BELOW:

In support of the District's literacy initiative, the District continued to provide a Reading Specialist at each elementary school. The District graduated 58 teachers from the District sponsored University of Southern California Literacy Added Authorization program. The District also graduated 125 parents from the District sponsored University of Southern California Literacy Training Program as well as 110 parents from the University of California Los Angeles Family Math Program.

The District continued supports to address socio-emotional needs of students by providing Psychologist, Emotional Health Therapist, Therapeutic Behavioral Strategist, Applied Behavior Analysis Specialist, and Counselors at the elementary and secondary levels.

The District completed the construction of Eisenhower High School's two-story building, the Rialto High School theater seat replacement, various District-Wide asphalt, concrete, paint and flooring projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2025-2026 year, the governing board and management used the following criteria:

The Local Control Funding Formula (LCFF) gives local school districts the discretion to implement the programs and strategies that best support their educational program and needs of their community. The LCFF provides concentration and supplemental grants to further support economically disadvantaged, English learner and foster youth students. To ensure the funds are utilized effectively, the LCFF required the school district to prepare a Local Control Accountability Plan. This plan is a strategic planning and evaluation tool developed amongst the parent, community, and District stakeholders. It intends to increase public transparency and accountability for improving student achievement by utilizing dollars effectively.

The Rialto Unified School District budget was adopted on June 25, 2025, for the 2025-2026 school year. The District developed a cautious budget as the district is in declining enrollment and political environment continue to impact our projections. Revenues were forecast with a 2.30% adjustment for cost of living at the time of budget adoption. A conservative approach was taken to sustain a balanced budget and protect the current and future fiscal solvency of the school district.

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 the Associate Superintendent of Business Services, at Rialto Unified School District, 182 E. Walnut Ave., Rialto, California, 92376.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 561,867,358	$ 838,005	$ 562,705,363
Receivables	33,648,293	7,931	33,656,224
Prepaid expense	286,134	-	286,134
Stores inventories	733,451	-	733,451
Capital assets not depreciated or amortized	100,882,120	-	100,882,120
Capital assets, net of accumulated depreciation and amortization	285,574,705	-	285,574,705
Total assets	982,992,061	845,936	983,837,997
Deferred Outflows of Resources			
Deferred charge on refunding	606,017	-	606,017
Deferred outflows of resources related to OPEB	13,848,950	-	13,848,950
Deferred outflows of resources related to pensions	112,934,243	-	112,934,243
Total deferred outflows of resources	127,389,210	-	127,389,210
Liabilities			
Accounts payable	64,935,160	-	64,935,160
Interest payable	1,644,922	-	1,644,922
Unearned revenue	1,861,605	-	1,861,605
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	33,236,880	-	33,236,880
Long-term liabilities other than OPEB and pensions due in more than one year	275,447,183	-	275,447,183
Other postemployment benefits (OPEB) liability due in more than one year	22,414,300	-	22,414,300
Aggregate net pension liabilities	308,871,334	-	308,871,334
Total liabilities	708,411,384	-	708,411,384
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	1,688,358	-	1,688,358
Deferred inflows of resources related to pensions	23,311,163	-	23,311,163
Total deferred inflows of resources	24,999,521	-	24,999,521
Net Position			
Net investment in capital assets	259,857,812	-	259,857,812
Restricted for			
Debt service	17,171,003	-	17,171,003
Capital projects	7,162,183	-	7,162,183
Educational programs	117,149,758	-	117,149,758
Child nutrition	97,642,495	-	97,642,495
Other restrictions	5,071,196	-	5,071,196
Unrestricted (deficit)	(127,084,081)	845,936	(126,238,145)
Total net position	$ 376,970,366	$ 845,936	$ 377,816,302

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities							
Instruction	$ 266,869,269	$ 8,919	$ 74,527,697	$ 5,834	$ (192,326,819)	$ -	$ (192,326,819)
Instruction-related activities							
Supervision of instruction	20,198,285	4,172	7,807,169	-	(12,386,944)	-	(12,386,944)
Instructional library, media, and technology	6,068,591	-	235,519	-	(5,833,072)	-	(5,833,072)
School site administration	32,338,873	237	14,080,057	-	(18,258,579)	-	(18,258,579)
Pupil services							
Home-to-school transportation	13,270,307	-	3,651,943	-	(9,618,364)	-	(9,618,364)
Food services	21,784,967	554	35,045,106	-	13,260,693	-	13,260,693
All other pupil services	46,471,483	20,286	10,504,788	-	(35,946,409)	-	(35,946,409)
Administration							
Data processing	8,522,092	-	45,780	-	(8,476,312)	-	(8,476,312)
All other administration	20,101,023	1,284	6,809,160	-	(13,290,579)	-	(13,290,579)
Plant services	73,903,304	1,265,736	29,853,326	-	(42,784,242)	-	(42,784,242)
Ancillary services	1,993,257	-	2,177,542	-	184,285	-	184,285
Enterprise services	1,171	-	-	-	(1,171)	-	(1,171)
Interest on long-term liabilities	12,553,971	-	-	-	(12,553,971)	-	(12,553,971)
Other outgo	326,365	1,111,151	14,224,057	-	15,008,843	-	15,008,843
Depreciation and amortization (unallocated)	25,340,338	-	-	-	(25,340,338)	-	(25,340,338)
Total governmental activities	549,743,296	2,412,339	198,962,144	5,834	(348,362,979)	-	(348,362,979)
Business-Type Activities							
Enterprise services	1,558	-	-	-	-	(1,558)	(1,558)
Total primary government	$ 549,744,854	$ 2,412,339	$ 198,962,144	$ 5,834	(348,362,979)	(1,558)	(348,364,537)

See Notes to Financial Statements

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
General Revenues and Subventions							
Property taxes, levied for general purposes					$ 44,446,093	$ -	$ 44,446,093
Property taxes, levied for debt service					12,042,405	-	12,042,405
Taxes levied for other specific purposes					6,475,450	-	6,475,450
Federal and State aid not restricted to specific purposes					304,487,319	-	304,487,319
Interest, investment earnings, and change in fair market valuations					14,850,815	36,835	14,887,650
Miscellaneous					5,036,763	177,830	5,214,593
Subtotal, general revenues and subventions					387,338,845	214,665	387,553,510
Change in Net Position					38,975,866	213,107	39,188,973
Net Position - Beginning, as previously reported					372,703,176	588,202	373,291,378
Adjustments (Note 16)					(34,708,676)	44,627	(34,664,049)
Net Position - Beginning, as restated					337,994,500	632,829	338,627,329
Net Position - Ending					$ 376,970,366	$ 845,936	$ 377,816,302

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 270,214,023	$ 94,041,670	$ 81,180,715	$ 81,792,318	$ 34,638,632	$ 561,867,358
Receivables	18,579,575	8,410,206	955,213	5,365,687	337,612	33,648,293
Due from other funds	3,134,594	518,176	-	6,443,265	806,582	10,902,617
Prepaid expenditures	271,084	-	-	-	15,050	286,134
Stores inventories	174,153	559,298	-	-	-	733,451
Total assets	$ 292,373,429	$ 103,529,350	$ 82,135,928	$ 93,601,270	$ 35,797,876	$ 607,437,853
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 58,886,351	$ 3,426,468	$ 812,340	$ 1,253,381	$ 556,620	$ 64,935,160
Due to other funds	7,768,004	1,901,089	-	-	1,233,524	10,902,617
Unearned revenue	1,861,605	-	-	-	-	1,861,605
Total liabilities	68,515,960	5,327,557	812,340	1,253,381	1,790,144	77,699,382
Fund Balances						
Nonspendable	550,237	559,298	-	-	15,350	1,124,885
Restricted	117,149,758	97,642,495	81,323,588	-	31,049,304	327,165,145
Committed	10,288,666	-	-	-	-	10,288,666
Assigned	80,382,688	-	-	92,347,889	2,943,078	175,673,655
Unassigned	15,486,120	-	-	-	-	15,486,120
Total fund balances	223,857,469	98,201,793	81,323,588	92,347,889	34,007,732	529,738,471
Total liabilities and fund balances	$ 292,373,429	$ 103,529,350	$ 82,135,928	$ 93,601,270	$ 35,797,876	$ 607,437,853

See Notes to Financial Statements

Total Fund Balance - Governmental Funds		$ 529,738,471
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 738,005,753	
Accumulated depreciation and amortization is	(351,548,928)	
Net capital assets		386,456,825
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,644,922)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	606,017	
Other postemployment benefits (OPEB) liability	13,848,950	
Aggregate net pension liability	112,934,243	
Total deferred outflows of resources		127,389,210
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to		
Other postemployment benefits (OPEB) liability	(1,688,358)	
Aggregate net pension liability	(23,311,163)	
Total deferred inflows of resources		(24,999,521)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(308,871,334)

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (22,414,300)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	$ (141,790,196)	
Unamortized premium on issuance - GO Bonds	(4,548,155)	
Unamortized discount on issuance - GO Bonds	50,453	
Certificates of participation	(44,365,000)	
Unamortized premium on issuance - COPs	(6,044,812)	
Subscription-based IT arrangements	(1,766,722)	
Financed purchase agreement - energy upgrades	(5,849,439)	
Financed purchase agreement - energy efficiency	(76,813)	
City of Rialto redevelopment agency loan	(4,137,934)	
Compensated absences	(27,364,978)	
Supplemental early retirement plan	(15,282,036)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(57,508,431)	
Total long-term liabilities		(308,684,063)
Total net position - governmental activities		$ 376,970,366

	General Fund	Cafeteria Fund	Building Fund
Revenues			
Local Control Funding Formula (LCFF)	$ 342,955,501	$ -	$ -
Federal sources	56,958,188	25,629,630	-
Other State sources	70,668,038	5,695,557	-
Other local sources	48,529,916	5,023,088	5,199,361
Total revenues	519,111,643	36,348,275	5,199,361
Expenditures			
Current			
Instruction	270,444,771	-	-
Instruction-related activities			
Supervision of instruction	20,461,154	-	-
Instructional library, media, and technology	6,360,976	-	-
School site administration	31,394,566	-	-
Pupil services			
Home-to-school transportation	13,570,203	-	-
Food services	830,956	21,696,148	-
All other pupil services	47,764,289	-	-
Administration			
Data processing	9,717,063	-	-
All other administration	22,042,466	537,099	-
Plant services	47,932,050	259,200	-
Ancillary services	-	-	-
Other outgo	91,639	-	-
Enterprise services	-	1,171	-
Facility acquisition and construction	33,847,805	-	18,454,308
Debt service			
Principal	2,136,686	-	-
Interest and other	421,911	-	-
Total expenditures	507,016,535	22,493,618	18,454,308
Excess (Deficiency) of Revenues Over Expenditures	12,095,108	13,854,657	(13,254,947)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Other sources - SBITAs	1,510,543	-	-
Other sources - proceeds from COPs	-	-	-
Other sources - premium on issuance	-	-	-
Transfers out	(7,174,399)	-	-
Net Financing Sources (Uses)	(5,663,856)	-	-
Net Change in Fund Balances	6,431,252	13,854,657	(13,254,947)
Fund Balance - Beginning, as previously reported	217,426,217	87,390,960	94,578,535
Adjustments (Note 16)	-	(3,043,824)	-
Fund Balance - Beginning, as restated	217,426,217	84,347,136	94,578,535
Fund Balance - Ending	$ 223,857,469	$ 98,201,793	$ 81,323,588

	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula (LCFF)	$ -	$ -	$ 342,955,501
Federal sources	752,678	330,865	83,671,361
Other State sources	900,000	8,601,512	85,865,107
Other local sources	7,702,444	18,770,190	85,224,999
Total revenues	9,355,122	27,702,567	597,716,968
Expenditures			
Current			
Instruction	-	5,117,501	275,562,272
Instruction-related activities			
Supervision of instruction	-	318,646	20,779,800
Instructional library, media, and technology	-	-	6,360,976
School site administration	-	2,171,236	33,565,802
Pupil services			
Home-to-school transportation	-	-	13,570,203
Food services	-	-	22,527,104
All other pupil services	-	211,971	47,976,260
Administration			
Data processing	-	-	9,717,063
All other administration	-	447,855	23,027,420
Plant services	-	189,895	48,381,145
Ancillary services	-	1,993,257	1,993,257
Other outgo	-	234,726	326,365
Enterprise services	-	-	1,171
Facility acquisition and construction	6,499,340	6,239,637	65,041,090
Debt service			
Principal	-	16,915,000	19,051,686
Interest and other	1,168,279	3,224,696	4,814,886
Total expenditures	7,667,619	37,064,420	592,696,500
Excess (Deficiency) of Revenues Over Expenditures	1,687,503	(9,361,853)	5,020,468
Other Financing Sources (Uses)			
Transfers in	6,374,399	800,000	7,174,399
Other sources - SBITAs	-	-	1,510,543
Other sources - proceeds from COPs	44,365,000	-	44,365,000
Other sources - premium on issuance	6,476,584	-	6,476,584
Transfers out	-	-	(7,174,399)
Net Financing Sources (Uses)	57,215,983	800,000	52,352,127
Net Change in Fund Balances	58,903,486	(8,561,853)	57,372,595
Fund Balance - Beginning, as previously reported	-	76,013,988	475,409,700
Adjustments (Note 16)	33,444,403	(33,444,403)	(3,043,824)
Fund Balance - Beginning, as restated	33,444,403	42,569,585	472,365,876
Fund Balance - Ending	$ 92,347,889	$ 34,007,732	$ 529,738,471

Total Net Change in Fund Balances - Governmental Funds		$ 57,372,595
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlay exceed depreciation and amortization expense in the period.		
Capital outlay	$ 44,196,526	
Depreciation and amortization expense	(29,318,824)	
Net expense adjustment		14,877,702
A loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(472,958)
Right-to-use subscription IT assets acquired this year were financed with subscription-based IT arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,510,543)
In the Statement of Activities, certain operating expenses, such as special termination benefits (SERP) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between SERP earned and used.		(13,592,070)
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used.		5,370,744
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and aggregate net pension liability during the year.		10,156,119

In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows and net OPEB liability during the year.	$ 4,303,260
Contingent legal liability is reported as a long-term liability on the Statement of Net Position, but as an expenditure in the governmental funds when paid	2,000,000
Proceeds received from sale of certificates of participation is a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(44,365,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(6,476,584)
Premium amortization	742,309
Discount amortization	(71,234)
Deferred charge on refunding amortization	(161,605)
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	16,915,000
Financed purchase agreement - energy upgrades	750,098
Financed purchase agreement - energy efficiency	131,680
City of Rialto redevelopment agency loan	40,053
Leases	3,386
Subscription-based IT arrangements	1,211,469
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(8,248,555)
Change in net position of governmental activities	$ 38,975,866

	Enterprise Fund
Assets	
Current assets	
Deposits and investments	$ 838,005
Receivables	7,931
Total current assets	845,936
Net Position	
Unrestricted	$ 845,936

	Enterprise Fund
Operating Revenues	
Charges for services	$ 177,829
Operating Expenses	
Other operating cost	1,558
Operating Income	176,271
Nonoperating Revenues	
Net change in fair market value	9,728
Interest income	27,108
Total nonoperating revenues	36,836
Change in Net Position	213,107
Total Net Position - Beginning, as previously reported	588,202
Adjustments (Note 16)	44,627
Total Net Position - Beginning, as restated	632,829
Total Net Position - Ending	$ 845,936

	Enterprise Fund
Operating Activities	
Cash receipts from customers	$ 195,333
Cash payments to other suppliers of goods or services	(2,558)
Net Cash From Operating Activities	192,775
Investing Activities	
Net gain on investments	34,400
Net Change in Cash and Cash Equivalents	227,175
Cash and Cash Equivalents, Beginning	610,830
Cash and Cash Equivalents, Ending	$ 838,005
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 176,271
Changes in assets and liabilities	
Receivables	17,504
Accounts payable	(1,000)
Net Cash From Operating Activities	$ 192,775

	Custodial Fund
Assets	
Investments	$ 663,613
Net Position	
Restricted for individuals, organizations, and other governments	$ 663,613

	Custodial Fund
Additions	
Interest	$ 1,556
Other local revenue	662,557
Total additions	664,113
Deductions	
Other expenditures	500
Change in Fiduciary Net Position	663,613
Net Position - Beginning	-
Net Position - Ending	$ 663,613

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Rialto Unified School District (the District) was unified on July 1, 1964 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nineteen elementary schools, five middle schools, three high schools, a continuation high school, an alternative high school, an adult education school, a preschool program, and an infant program.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may 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. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39*, Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it was part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Rialto Unified School District School Facilities Corporation's financial activity is presented in the financial statements within the General Fund and the Special Reserve Fund for Capital Outlay Projects. Financed purchase agreement – energy upgrades liability secured by the Corporation and certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the *California State Accounting Manual* (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, *Deferred Maintenance Fund*, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $19,252,432.

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

Building Fund The Building 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.

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

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

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

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

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has no internal service funds. The District has the following proprietary fund:

- **Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the compressed natural gas stations operated by the District.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are held for the Community Facilities District No. 2019-1.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities,* except for amortization. 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 the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. In the governmental fund financial statements, each major fund is presented in a separate column and non-major governmental funds are aggregated and presented in a single column. In the proprietary fund financial statements, the District's non-major enterprise fund is presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other

financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of this fund are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized.

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

Cash and Cash Equivalents

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

Investments

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

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Prepaid Expenditures (Expenses)

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

Stores Inventories

Stores inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years. Land is not depreciated.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

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

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

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net position. For governmental funds, a liability for compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

In governmental fund financial statements, bond premiums, discounts, and debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $244,196,635 of restricted net position which is restricted by enabling legislation.

Operating Revenues and Expenses - Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental funds	$ 561,867,358
Proprietary funds	838,005
Fiduciary funds	663,613
Total deposits and investments	$ 563,368,976

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

Cash on hand and in banks	$ 1,687,763
Cash in revolving	105,300
Investments	561,575,913
Total deposits and investments	$ 563,368,976

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Treasury Investment Pool. The San Bernardino County Treasury Investment Pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

Investment Type	Reported Amount	Maturity Date/ Weighted Average Maturity in Days
US Bank GCTS0300 Money Market Mutual Funds	$ 663,613	1
US Bank GCTS0480 Money Market Mutual Funds	48,040,572	1
San Bernardino County Treasury Investment Pool	512,871,728	729
Total	$ 561,575,913	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investments in the San Bernardino County Treasury Investment Pool is rated AAA by Fitch Ratings. The US Bank GCTS0300 and US Bank GCT0480 Money Market Mutual Funds are not rated.

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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District’s bank balance of $1,632,355 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

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

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

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

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

Investment Type	Reported Amount	Fair Value Level 2 Inputs
US Bank GCTS0300 Money Market Mutual Funds	$ 663,613	$ 663,613
US Bank GCTS0480 Money Market Mutual Funds	48,040,572	48,040,572
	48,704,185	$ 48,704,185
Investments not measured at fair value or subject to the fair value hierarchy San Bernardino County Treasury Investment Pool	512,871,728	
Total investments	$ 561,575,913	

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

Note 4 - Receivables

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
Federal Government				
Categorical aid	$ 5,664,572	$ 5,966,198	$ -	$ -
State Government				
LCFF apportionment	27,713	-	-	-
Categorical aid	5,843,603	1,415,878	-	-
Lottery	1,666,965	-	-	-
Special education	1,587,579	-	-	-
Local Government				
Interest	2,727,667	983,511	955,213	365,687
Other local sources	1,061,476	44,619	-	5,000,000
Total	$ 18,579,575	$ 8,410,206	$ 955,213	$ 5,365,687

	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal Government			
Categorical aid	$ 67,206	$ 11,697,976	$ -
State Government			
LCFF apportionment	-	27,713	-
Categorical aid	117,929	7,377,410	-
Lottery	-	1,666,965	-
Special education	-	1,587,579	-
Local Government			
Interest	152,452	5,184,530	7,855
Other local sources	25	6,106,120	76
Total	$ 337,612	$ 33,648,293	$ 7,931

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 39,752,485	$ -	$ -	$ 39,752,485
Construction in progress	42,746,541	52,025,133	(33,642,039)	61,129,635
Total capital assets not being depreciated or amortized	82,499,026	52,025,133	(33,642,039)	100,882,120
Capital assets being depreciated and amortized				
Land improvements	56,605,207	8,843,966	(92,480)	65,356,693
Buildings and improvements	479,671,898	10,305,494	(388,891)	489,588,501
Furniture and equipment	66,378,347	3,809,413	(145,139)	70,042,621
Right-to-use leased furniture and equipment	127,230	-	(127,230)	-
Right-to-use subscription IT assets	10,028,156	2,854,559	(746,897)	12,135,818
Total capital assets being depreciated and amortized	612,810,838	25,813,432	(1,500,637)	637,123,633
Total capital assets	695,309,864	77,838,565	(35,142,676)	738,005,753
Accumulated depreciation and amortization				
Land improvements	(27,581,473)	(2,305,006)	15,000	(29,871,479)
Buildings and improvements	(262,719,899)	(14,304,997)	-	(277,024,896)
Furniture and equipment	(29,319,711)	(8,730,335)	138,552	(37,911,494)
Right-to-use leased furniture and equipment	(127,230)	-	127,230	-
Right-to-use subscription IT assets	(3,509,470)	(3,978,486)	746,897	(6,741,059)
Total accumulated depreciation and amortization	(323,257,783)	(29,318,824)	1,027,679	(351,548,928)
Net depreciable and amortizable capital assets	289,553,055	(3,505,392)	(472,958)	285,574,705
Governmental activities capital assets, net	$ 372,052,081	$ 48,519,741	$ (34,114,997)	$ 386,456,825

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

Governmental Activities	
Depreciation expense	
Unallocated	$ 25,340,338
Amortization expense	
Instruction	$ 1,493,379
Supervision of instruction	204,310
Instructional library, media, anf technology	13,499
Pupil services	223,200
Data processing services	2,005,862
Plant services	38,236
Total amortization expense	$ 3,978,486

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Activities
General Fund	$ -	$ 1,901,089	$ 1,233,505	$ 3,134,594
Cafeteria Fund	518,157	-	19	518,176
Special Reserve Fund for Capital Outlay Projects	6,443,265	-	-	6,443,265
Non-Major Governmental Funds	806,582	-	-	806,582
Total	$ 7,768,004	$ 1,901,089	$ 1,233,524	$ 10,902,617

A balance of $232,716 is due from the Adult Education Non-Major Governmental Fund to the General Fund for reimbursement of operating expenses, including indirect costs.

A balance of $1,000,789 is due from the Child Development Non-Major Governmental Fund to the General Fund for reimbursement of operating expenses, including indirect costs.

A balance of $1,901,089 is due from the Cafeteria Fund to the General Fund for reimbursement of operating expenses, including indirect costs.

A balance of $806,552 is due from the General Fund to the Child Development Non-Major Governmental Fund for transfer of grant revenue and reimbursement of indirect costs.

A balance of $518,157 is due from the General Fund to the Cafeteria Fund for nutrition service charges.

A balance of $6,443,265 is due from the General Fund to the Special Reserve Fund for Capital Outlay Projects to support school kitchen projects.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to support the District's preschool program.	$ 800,000
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects to set aside reserve for future capital outlay projects.	6,374,399
Total	$ 7,174,399

Note 7 - Accounts Payable

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	$ 14,938,694	$ 158,765	$ -	$ -	$ 184,171	$ 15,281,630
LCFF apportionment	16,228,715	-	-	-	-	16,228,715
Due to CDE	-	3,043,824	-	-	-	3,043,824
Other payables	27,718,942	223,879	812,340	1,253,381	372,449	30,380,991
Total	$ 58,886,351	$ 3,426,468	$ 812,340	$ 1,253,381	$ 556,620	$ 64,935,160

Note 8 - Unearned Revenue

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

	General Fund
Federal financial assistance	$ 2,405
State categorical aid	1,859,200
Total	$ 1,861,605

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2024 as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 208,053,341	$ 8,160,286	$ (16,915,000)	$ 199,298,627	$ 14,140,000
Unamortized debt premiums - GO Bonds	4,858,692	-	(310,537)	4,548,155	-
Unamortized debt discounts - GO Bonds	(121,687)	-	71,234	(50,453)	-
Certificates of participation	-	44,365,000	-	44,365,000	1,495,000
Unamortized debt premiums - COPs	-	6,476,584	(431,772)	6,044,812	-
Leases	3,386	-	(3,386)	-	-
Subscription-based IT arrangements	1,467,648	1,510,543	(1,211,469)	1,766,722	923,843
Financed purchase agreement - energy upgrades	6,599,537	-	(750,098)	5,849,439	770,351
Financed purchase agreement - energy efficiency	208,493	-	(131,680)	76,813	76,813
City of Rialto redevelopment agency loan	4,177,987	-	(40,053)	4,137,934	41,254
Compensated absences	32,735,722	-	(5,370,744)	27,364,978	11,969,110
Supplemental early retirement plan	1,689,966	19,102,545	(5,510,475)	15,282,036	3,820,509
Contingent legal liability	2,000,000	-	(2,000,000)	-	-
Total	$ 261,673,085	$ 79,614,958	$ (32,603,980)	$ 308,684,063	$ 33,236,880

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

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payment on the certificates of participation are made from the Special Reserve Fund for Capital Outlay Projects. Payments for the leases, subscription-based IT arrangements, financed purchased agreement – energy upgrades, financed purchase agreement - energy efficiency, City of Rialto redevelopment agency loan, supplemental early retirement plan, and contingent legal liability are paid by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
6/1/2000	6/1/2025	4.75 - 6.25%	$ 19,995,038	$ 1,561,064	$ 98,936	$ (1,660,000)	$ -
3/17/2011	8/1/2041	7.35%	26,932,187	72,795,042	5,888,538	-	78,683,580
3/17/2011	8/1/2026	5.28 - 6.91%	9,695,000	4,910,000	-	(2,090,000)	2,820,000
5/17/2012	8/1/2028	2.00 - 5.00%	29,865,000	11,020,000	-	(2,325,000)	8,695,000
3/26/2015	8/1/2027	1.26 - 4.13%	32,015,000	7,990,000	-	(2,885,000)	5,105,000
12/5/2019	8/1/2044	2.00 - 4.00%	29,356,650	29,014,387	738,138	(1,045,000)	28,707,525
7/11/2023	8/1/2052	4.00-5.00%	79,996,360	80,762,848	1,434,674	(6,910,000)	75,287,522
				$ 208,053,341	$ 8,160,286	$ (16,915,000)	$ 199,298,627

Debt Service Requirements to Maturity

The bonds mature through 2053 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2026	$ 14,140,000	$ -	$ 2,581,286	$ 16,721,286
2027	9,042,807	617,193	4,061,494	13,721,494
2028	6,142,550	252,450	5,755,861	12,150,861
2029	5,052,089	1,007,911	5,611,700	11,671,700
2030	3,151,127	1,963,873	5,559,038	10,674,038
2031-2035	13,419,440	6,740,560	27,795,188	47,955,188
2036-2040	49,435,606	29,744,394	24,988,406	104,168,406
2041-2045	53,574,524	32,985,476	10,804,928	97,364,928
2046-2050	5,505,484	10,149,516	8,413,100	24,068,100
2051-2053	39,835,000	-	1,928,650	41,763,650
Total	$ 199,298,627	$ 83,461,373	$ 97,499,651	$ 380,259,651

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issuance Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2024	Issued	Redeemed	Outstanding June 30, 2025
10/1/2024	9/1/2038	5.00%	$ 44,365,000	$ -	$ 44,365,000	$ -	$ 44,365,000

Debt Service Requirements to Maturity

The certificates of participation mature through 2039 as follows:

Fiscal Year	Principal	Current Interest	Total
2026	$ 1,495,000	$ 2,180,875	$ 3,675,875
2027	1,580,000	2,104,000	3,684,000
2028	1,855,000	2,018,125	3,873,125
2029	2,065,000	1,920,125	3,985,125
2030	2,295,000	1,811,125	4,106,125
2031-2035	16,690,000	6,881,250	23,571,250
2036-2039	18,385,000	1,695,125	20,080,125
Total	$ 44,365,000	$ 18,610,625	$ 62,975,625

Leases

The District has entered into agreements to lease various equipment. As of June 30, 2025, the District's lease liability is fully defeased.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2025, the District has recognized right-to-use subscription IT assets of $5,394,759 and a SBITA liability of $1,766,722 related to these agreements. During the fiscal year, the District recorded $3,978,486 in amortization expense. The District is required to make annual principal and interest payments through July 2028. The subscriptions have an interest rate of 3.00%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 923,843	$ 53,001	$ 976,844
2027	660,467	25,287	685,754
2028	88,470	5,472	93,942
2029	93,942	2,818	96,760
Total	$ 1,766,722	$ 86,578	$ 1,853,300

Financed Purchase Agreement – Energy Upgrade

On October 27, 2017, the Rialto Unified School District entered into a financed purchase agreement with the Rialto Unified School District School Facilities Corporation (the Corporation). The terms of the agreement stipulate that the District would lease a property owned by the District to the Corporation and the Corporation would sublease the property back to the District, including the energy efficiency renovations performed on the property. The lease payment period commenced on March 30, 2018 and the final lease payment is set to occur on March 30, 2032. At June 30, 2025, the principal balance outstanding was $5,849,439.

The lease payments are due through March 30, 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 770,351	$ 157,935	$ 928,286
2027	791,150	137,135	928,285
2028	812,511	115,774	928,285
2029	834,449	93,837	928,286
2030	856,979	71,306	928,285
2031-2032	1,783,999	72,573	1,856,572
Total	$ 5,849,439	$ 648,560	$ 6,497,999

Financed Purchase Agreement - Energy Efficiency Financing

On January 24, 2019, the District entered into a financed purchase agreement with Southern California Edison Company to participate in SCE's "On-Bill Financing Program." The program allows SCE to provide interest free financing for the installation of various energy efficient equipment which is to be repaid over a specified period through the customer's electricity bill. The District financed $905,871 under the financing agreement. Under the terms of the agreement, monthly payments of $10,873 will be paid over 83 months. As of June 30, 2025, the remaining balance was $76,813.

The future remaining payments are as follows:

Year Ending June 30,	Principal
2026	$ 76,813

City of Rialto Redevelopment Agency Loan

During 2005, the District entered into an agreement with the City of Rialto Redevelopment Agency (RDA) for a loan of $2,717,131 for the purpose of financing the cost of labor and material for the design, installation and/or construction of a football stadium at Rialto High School. $976,242 of the proceeds was used to retire the remaining balance owed from an original $1,000,000 loan with the RDA. During 2008, the District borrowed an additional $3,390,000 to complete the project.

The 2005 and 2008 RDA loans were refinanced by the City of Rialto during the 2014-2015 and 2018-2019 fiscal years, respectively, resulting in a revised debt service schedules provided to the District by the City of Rialto. Effective February 1, 2012, the RDA was dissolved under the Redevelopment Dissolution Act and debt service payments are now paid directly to the City of Rialto. As of June 30, 2025, the principal balance outstanding was $4,137,934.

Future payments on the City of Rialto Redevelopment Agency Loan are as follows:

June 30,	Principal	Interest	Total
2026	$ 41,254	$ 197,013	$ 238,267
2027	44,058	194,950	239,008
2028	45,660	192,747	238,407
2029	173,028	190,465	363,493
2030	313,503	181,813	495,316
2031-2035	2,234,640	618,943	2,853,583
2036-2038	1,285,791	120,386	1,406,177
Total	$ 4,137,934	$ 1,696,317	$ 5,834,251

Supplemental Early Retirement Plan (SERP)

During the 2020-2021 and 2024-2025 fiscal years, the District adopted supplemental early retirement plans whereby certain eligible employees were provided an annuity to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 120 employees who retired during the 2020-2021 school year and 214 employees who retired during the 2024-2025 school year, were purchased from United of Omaha Life Insurance Company. As of June 30, 2025, the total balance of outstanding obligations for the supplemental early retirement plan was $15,282,036.

Future payments for the SERP are as follows:

Year Ending June 30,	Principal
2026	$ 3,820,509
2027	3,820,509
2028	3,820,509
2029	3,820,509
Total	$ 15,282,036

Note 10 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 21,444,148	$ 13,848,950	$ 1,688,358	$ 5,257,362
Medicare Premium Payment (MPP) Program	970,152	-	-	(150,507)
Total	$ 22,414,300	$ 13,848,950	$ 1,688,358	$ 5,106,855

The details of each plan are as follows:

District Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the Rialto Unified School District's Postemployment Benefits Plan (the Plan) by maintaining the assets provided and payment at the direction of the District. The Plan is an agent multi-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Financial information for CalPERS can be found on the CalPERS website at: https://calpers.ca.gov/pages/forms-publications.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	175
Active employees	2,378
Total	2,553

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Rialto Education Association (REA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contributions is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreement with the District, REA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2024, the District contributed $8,020,592 to the Plan, of which $5,040,539 was used for current premiums and $2,980,053 was used to fund the OPEB Trust.

Investments

Investment Policy

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by Management. The District participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The District has adopted the CERBT Strategy 3 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board. The following was the Plan's adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Global ex-U.S. Equity	0.23
U.S. Fixed	0.51
TIPS	0.09
Real Estate	0.14
Commodities	0.03

Rate of Return

For the year ended June 30, 2024, the annual money-weighed rate of return on investments, net of investment expense, was 6.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $21,444,148 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024 were as follows:

Total OPEB liability	$ 47,015,841
Plan fiduciary net position	(25,571,693)
Net OPEB liability	$ 21,444,148
Plan fiduciary net position as a percentage of the total OPEB liability	54.39%

Actuarial Assumptions

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

Inflation	2.50%	
Salary increases	3.00%	average, including inflation
Investment rate of return	5.25%	net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.50%	

The discount rate was based on the Fidelity 20 Years General Obligation Municipal Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Mortality Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global ex-U.S. Equity	4.8%
U.S. Fixed	1.8%
TIPS	1.6%
Real Estate	3.7%
Commodities	1.9%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2023 (Measurement Date)	$ 46,512,886	$ 21,075,124	$ 25,437,762
Service cost	3,070,964	-	3,070,964
Interest	2,472,530	-	2,472,530
Employer contributions	-	8,020,592	(8,020,592)
Net investment income	-	1,524,109	(1,524,109)
Benefit payments	(5,040,539)	(5,040,539)	-
Administrative expense	-	(7,593)	7,593
Net change in total OPEB liability	502,955	4,496,569	(3,993,614)
Balance, June 30, 2024 (Measurement Date)	$ 47,015,841	$ 25,571,693	$ 21,444,148

There were no changes of assumptions since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Investment Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using an investment rate of return that is one percent lower or higher than the current rate:

Investment Rate of Return	Net OPEB Liability
1% decrease (4.25%)	$ 24,863,828
Current investment rate of return (5.25%)	21,444,148
1% increase (6.25%)	18,189,434

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (4.50%)	$ 16,175,198
Current healthcare cost trend rate (5.50%)	21,444,148
1% increase (6.50%)	27,617,871

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $5,257,362. At June 30,2025, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 8,541,395	$ -
Differences between expected and actual experience	560,903	1,688,358
Changes of assumptions	3,364,918	-
Net difference between projected and actual earnings on OPEB plan investments	1,381,734	-
Total	$ 13,848,950	$ 1,688,358

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 1,005,342
2027	1,278,460
2028	650,288
2029	273,642
2030	121,018
Thereafter	290,447
Total	$ 3,619,197

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of $970,152 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.3640%, and 0.3693%, resulting in a net decrease in the proportionate share of 0.0053%.

For the year ended June 30, 2025, the District recognized OPEB expense of $(150,507).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then

applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	$ 1,046,769
Current discount rate (3.93%)	970,152
1% increase (4.93%)	902,779

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

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	$ 898,742
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	970,152
1% increase (6.00% Part A and 7.50% Part B)	1,049,878

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 105,000	$ -	$ -	$ -	$ 300	$ 105,300
Stores inventories	174,153	559,298	-	-	-	733,451
Prepaid expenditures	271,084	-	-	-	15,050	286,134
Total nonspendable	550,237	559,298	-	-	15,350	1,124,885
Restricted						
Legally restricted programs	117,149,758	-	-	-	-	117,149,758
Student activity	-	-	-	-	1,638,356	1,638,356
Adult education	-	-	-	-	275,359	275,359
Child development	-	-	-	-	3,157,481	3,157,481
Food service	-	97,642,495	-	-	-	97,642,495
Capital projects	-	-	81,323,588	-	7,162,183	88,485,771
Debt service	-	-	-	-	18,815,925	18,815,925
Total restricted	117,149,758	97,642,495	81,323,588	-	31,049,304	327,165,145
Committed						
Literacy and numeracy	10,288,666	-	-	-	-	10,288,666
Assigned						
Deferred maintenance	19,252,432	-	-	-	-	19,252,432
Child care	-	-	-	-	2,943,078	2,943,078
Capital outlay	-	-	-	92,347,889	-	92,347,889
Other	61,130,256	-	-	-	-	61,130,256
Total assigned	80,382,688	-	-	92,347,889	2,943,078	175,673,655
Unassigned						
Reserve for economic uncertainties	15,486,120	-	-	-	-	15,486,120
Total	$ 223,857,469	$ 98,201,793	$ 81,323,588	$ 92,347,889	$ 34,007,732	$ 529,738,471

Note 12 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPAs) for workers' compensation coverage and property and liability insurance. Refer to Note 15 for additional information regarding the JPAs.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2025, the District participated in Southern California Regional Liability Excess Fund (SCR) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District participated in the Protected Insurance Program for Schools (PIPS), a public entity risk pool for workers' compensation insurance coverage. The intent of the PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the PIPS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with various commercial insurance carriers to provide employee medical benefits, including health, dental, vision, and other miscellaneous insurance. The District pays a monthly premium based on the number of employees enrolled using pre-negotiated premium for each of the commercial insurance carriers.

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 167,570,317	$ 61,716,936	$ 22,288,262	$ 16,711,771
CalPERS	141,301,017	51,217,307	1,022,901	28,008,491
Total	$ 308,871,334	$ 112,934,243	$ 23,311,163	$ 44,720,262

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were $31,719,020.

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

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

Total Net Pension Liability, Including State Share	
Proportionate share of net pension liability	$ 167,570,317
State's proportionate share of the net pension liability	76,881,838
Total	$ 244,452,155

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.2495% and 0.2497%, resulting in a net decrease in the proportionate share of 0.0002%.

For the year ended June 30, 2025, the District recognized pension expense of $16,711,771. In addition, the District recognized pension expense and revenue of $6,999,192 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 31,719,020	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	10,310,032	2,839,894
Differences between projected and actual earnings on pension plan investments	-	676,140
Differences between expected and actual experience in the measurement of the total pension liability	18,954,360	7,327,756
Changes of assumptions	733,524	11,444,472
Total	$ 61,716,936	$ 22,288,262

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (11,233,438)
2027	13,529,234
2028	(1,103,820)
2029	(1,868,116)
Total	$ (676,140)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 1,215,576
2027	953,748
2028	1,298,232
2029	3,199,489
2030	2,458,706
Thereafter	(739,957)
Total	$ 8,385,794

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 298,052,761
Current discount rate (7.10%)	167,570,317
1% increase (8.10%)	58,612,061

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $23,157,361.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $141,301,017. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.3954% and 0.3756%, resulting in a net increase in the proportionate share of 0.0198%.

For the year ended June 30, 2025, the District recognized pension expense of $28,008,491. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 23,157,361	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,601,964	11,614
Differences between projected and actual earnings on pension plan investments	5,488,728	-
Differences between expected and actual experience in the measurement of the total pension liability	11,846,024	1,011,287
Changes of assumptions	3,123,230	-
Total	$ 51,217,307	$ 1,022,901

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (47,316)
2027	8,533,724
2028	(1,260,964)
2029	(1,736,716)
Total	$ 5,488,728

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 10,503,931
2027	6,981,118
2028	4,063,268
Total	$ 21,548,317

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 209,903,840
Current discount rate (6.90%)	141,301,017
1% increase (7.90%)	84,629,624

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $15,450,216 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
EHS 2-Story Bldg	$ 2,580,906	2/28/2026
EHS Baseball Field	1,738,898	6/30/2026
RHS Baseball Field	634,993	6/30/2026
Frisbie MS Gym	332,910	12/31/2027
Kolb MS Gym	332,910	12/31/2027
Full Day Kinder -Trapp	596,900	6/30/2027
Zupanic Virtual Academy	62,873	12/31/2025
New District Central Kitchen	1,791,408	6/30/2028
District Central Kitchen Facility	1,791,408	6/30/2028
DRC Waiting Area	291,279	11/19/2025
DRC Shade	267,726	11/19/2025
International Healing Garden	1,316,384	6/30/2026
Kitchen Expansion - Boyd	196,980	6/30/2028
Kitchen Expansion - Henry	78,012	6/30/2028
Kitchen Expansion - Morgan	194,775	6/30/2028
Kitchen Expansion - Preston	76,118	6/30/2028
EV Charging Station	103,200	6/30/2028
Rialto HS Theater Chairs	137,852	2/28/2026
Elementary Modulars	401,598	6/30/2028
Total	$ 12,927,130	

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Southern California ReLIEF (SCR) and Protection Insurance Program for Schools (PIPS) public entity risk pools. The District pays an annual premium to the applicable entity for its workers' compensation and property and liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2025, the District made payments of $2,880,204 and $6,623,043 to SCR and PIPS, respectively.

Note 16 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by $12,997,304 and $18,667,548, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

Correction of Error in Previously Issued Financial Statements

During the year ended June 30, 2025, the District determined that there were certain errors in amounts previously reported in the 2023-2024 financial statements resulting in a restatement of the beginning net position and fund balance. The corrections consist of the following and the effects of the correction of the errors are shown in the table below.

(1) The District identified accounts payable, as it relates to the Child Nutrition Cluster reimbursement claims fraud, that should have been recorded in the prior year.
(2) The District identified cash in banks that should have been recorded in the prior year.

Change within the Reporting Entity

During year ended June 30, 2025, there was a change within the financial reporting entity which resulted in the Special Reserve Fund for Capital Outlay Projects being reported as a major fund instead of as a non-major fund resulted in adjustments to and restatements of beginning fund balance as shown in the table below.

	Governmental Funds		
	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Beginning, as previously reported on June 30, 2024	$ 87,390,960	$ -	$ 76,013,988
Change in accounting principle	-	-	-
Error correction (1)	(3,043,824)	-	-
Change to or within the financial reporting entity	-	33,444,403	(33,444,403)
Beginning, as Restated on July 1, 2024	$ 84,347,136	$ 33,444,403	$ 42,569,585

	Government-Wide	
	Governmental Activities	Business-Type Activities
Beginning, as previously reported on June 30, 2024	$ 372,703,176	$ 588,202
Change in accounting principle	(31,664,852)	-
Error correction (1)	(3,043,824)	-
Error correction (2)	-	44,627
Beginning, as Restated on July 1, 2024	$ 337,994,500	$ 632,829

The change in government-wide net position for the year ended June 30, 2024, as previously reported, was understated by $44,627 for business-type activities as a result of these errors.

Required Supplementary Information
June 30, 2025

Rialto Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 345,190,045	$ 343,881,018	$ 342,955,501	$ (925,517)
Federal sources	49,717,836	56,365,171	56,958,188	593,017
Other State sources	67,164,687	71,413,838	70,668,038	(745,800)
Other local sources	31,268,658	42,160,145	48,529,916	6,369,771
Total revenues [1]	493,341,226	513,820,172	519,111,643	5,291,471
Expenditures				
Current				
Certificated salaries	176,400,921	169,800,174	173,061,934	(3,261,760)
Classified salaries	81,152,357	80,619,894	77,534,738	3,085,156
Employee benefits	142,948,912	138,984,265	140,732,292	(1,748,027)
Books and supplies	73,774,104	35,348,764	29,201,962	6,146,802
Services and operating expenditures	86,233,666	67,675,253	59,832,106	7,843,147
Other outgo	(732,703)	(898,246)	(873,288)	(24,958)
Capital outlay	20,125,000	21,274,205	24,968,194	(3,693,989)
Debt service				
Debt service - principal	921,833	2,165,270	2,136,686	28,584
Debt service - interest and other	377,205	526,484	421,911	104,573
Total expenditures [1]	581,201,295	515,496,063	507,016,535	8,479,528
Excess (Deficiency) of Revenues Over Expenditures	(87,860,069)	(1,675,891)	12,095,108	13,770,999
Other Financing Sources (Uses)				
Other sources - SBITAs	-	-	1,510,543	1,510,543
Transfers out	(6,505,418)	(21,125,291)	(7,174,399)	13,950,892
Net Financing Uses	(6,505,418)	(21,125,291)	(5,663,856)	15,461,435
Net Change in Fund Balances	(94,365,487)	(22,801,182)	6,431,252	29,232,434
Fund Balance - Beginning	217,426,217	217,426,217	217,426,217	-
Fund Balance - Ending	$ 123,060,730	$ 194,625,035	$ 223,857,469	$ 29,232,434

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures; however, they are not included in the original and final General Fund budgets.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 20,394,760	$ 23,649,138	$ 25,629,630	$ 1,980,492
Other State sources	1,037,968	5,659,791	5,695,557	35,766
Other local sources	2,634,000	4,304,577	5,023,088	718,511
Total revenues	24,066,728	33,613,506	36,348,275	2,734,769
Expenditures				
Current				
Classified salaries	6,618,842	7,496,017	7,138,401	357,616
Employee benefits	3,876,286	4,203,648	3,939,021	264,627
Books and supplies	3,504,464	11,017,232	10,993,420	23,812
Services and operating expenditures	85,335	351,940	(114,323)	466,263
Other outgo	534,636	537,336	537,099	237
Capital outlay	-	1,510,000	-	1,510,000
Total expenditures	14,619,563	25,116,173	22,493,618	2,622,555
Net Change in Fund Balances	9,447,165	8,497,333	13,854,657	5,357,324
Fund Balance - Beginning, as previously reported	87,390,930	87,390,930	87,390,930	-
Adjustments (Note 16)	(3,043,824)	(3,043,824)	(3,043,824)	-
Fund Balance - Beginning, as restated	84,347,136	84,347,136	84,347,136	-
Fund Balance - Ending	$ 93,794,301	$ 92,844,469	$ 98,201,793	$ 5,357,324

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 3,070,964	$ 2,244,352	$ 1,846,327	$ 1,685,763
Interest	2,472,530	2,460,825	2,400,414	2,198,223
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(1,469,230)	-	1,201,931
Changes of assumptions	-	2,606,803	-	1,871,644
Benefit payments	(5,040,539)	(3,607,289)	(3,487,080)	(3,397,978)
Net change in total OPEB liability	502,955	2,235,461	759,661	3,559,583
Total OPEB Liability - Beginning	46,512,886	44,277,425	43,517,764	39,958,181
Total OPEB Liability - Ending (a)	$ 47,015,841	$ 46,512,886	$ 44,277,425	$ 43,517,764
Plan Fiduciary Net Position				
Employer contribution	$ 8,020,592	$ 6,774,753	$ 6,619,092	$ 4,713,862
Net investment income	1,524,109	200,557	(2,178,689)	1,950,804
Benefit payments	(5,040,539)	(3,607,289)	(3,487,080)	(3,397,978)
Administrative expense	(7,593)	(5,775)	(4,948)	(5,169)
Net change in plan fiduciary net position	4,496,569	3,362,246	948,375	3,261,519
Plan Fiduciary Net Position - Beginning	21,075,124	17,712,878	16,764,503	13,502,984
Plan Fiduciary Net Position - Ending (b)	$ 25,571,693	$ 21,075,124	$ 17,712,878	$ 16,764,503
Net OPEB Liability - Ending (a) - (b)	$ 21,444,148	$ 25,437,762	$ 26,564,547	$ 26,753,261
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	54.39%	45.31%	40.00%	38.52%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

[1] The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 1,527,692	$ 1,324,117	$ 1,442,282	$ 1,400,274
Interest	2,159,813	2,267,816	2,092,781	2,008,596
Changes of benefit terms	-	494,652	-	-
Difference between expected and actual experience	-	(2,810,578)	-	-
Changes of assumptions	-	2,322,127	-	-
Benefit payments	(2,903,079)	(1,768,631)	(2,110,240)	(1,904,338)
Net change in total OPEB liability	784,426	1,829,503	1,424,823	1,504,532
Total OPEB Liability - Beginning	39,173,755	37,344,252	35,919,429	34,414,897
Total OPEB Liability - Ending (a)	$ 39,958,181	$ 39,173,755	$ 37,344,252	$ 35,919,429
Plan Fiduciary Net Position				
Employer contribution	$ 6,002,713	$ 1,768,631	$ 5,102,064	$ 4,468,974
Net investment income	794,194	708,849	425,356	189,251
Benefit payments	(2,903,079)	(1,768,631)	(2,110,240)	(1,904,338)
Administrative expense	(6,180)	(1,932)	(10,258)	(2,225)
Net change in plan fiduciary net position	3,887,648	706,917	3,406,922	2,751,662
Plan Fiduciary Net Position - Beginning	9,615,336	8,908,419	5,501,497	2,749,835
Plan Fiduciary Net Position - Ending (b)	$ 13,502,984	$ 9,615,336	$ 8,908,419	$ 5,501,497
Net OPEB Liability - Ending (a) - (b)	$ 26,455,197	$ 29,558,419	$ 28,435,833	$ 30,417,932
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	33.79%	24.55%	23.85%	15.32%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.3640%	0.3693%	0.3665%	0.3436%
Proportionate share of the net OPEB liability	$ 970,152	$ 1,120,659	$ 1,207,282	$ 1,370,386
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.3496%	0.4114%	0.4039%	0.4164%
Proportionate share of the net OPEB liability	$ 1,703,425	$ 1,532,133	$ 1,546,048	$ 1,751,648
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Rialto Unified School District

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

Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.2495%	0.2497%	0.2442%	0.2286%	0.2307%
Proportionate share of the net pension liability	$ 167,570,317	$ 190,165,488	$ 104,015,934	$ 104,015,934	$ 223,552,587
State's proportionate share of the net pension liability	76,881,838	91,113,633	52,336,784	52,336,784	115,241,385
Total	$ 244,452,155	$ 281,279,121	$ 156,352,718	$ 156,352,718	$ 338,793,972
Covered payroll	$ 167,636,639	$ 154,721,969	$ 141,460,189	$ 126,367,186	$ 126,246,263
Proportionate share of the net pension liability as a percentage of its covered payroll	99.96%	122.91%	73.53%	82.31%	177.08%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	87%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.2326%	0.2250%	0.2300%	0.2280%	0.2290%
Proportionate share of the net pension liability	$ 210,050,732	$ 206,790,750	$ 212,704,000	$ 184,408,680	$ 154,171,960
State's proportionate share of the net pension liability	114,596,698	118,397,956	125,834,915	104,996,028	81,539,753
Total	$ 324,647,430	$ 325,188,706	$ 338,538,915	$ 289,404,708	$ 235,711,713
Covered payroll	$ 126,404,410	$ 120,818,288	$ 120,654,817	$ 116,779,730	$ 104,660,822
Proportionate share of the net pension liability as a percentage of its covered payroll	166.17%	171.16%	176.29%	157.91%	147.31%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Rialto Unified School District

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

Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.3954%	0.3756%	0.3595%	0.3474%	0.3493%
Proportionate share of the net pension liability	$ 141,301,017	$ 135,969,648	$ 123,705,280	$ 70,645,936	$ 107,190,624
Covered payroll	$ 78,912,144	$ 65,403,607	$ 55,534,570	$ 50,188,957	$ 50,704,280
Proportionate share of the net pension liability as a percentage of its covered payroll	179.06%	207.89%	222.75%	140.76%	211.40%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.3418%	0.3266%	0.3192%	0.3108%	0.3249%
Proportionate share of the net pension liability	$ 99,613,229	$ 87,081,842	$ 76,201,465	$ 61,383,192	$ 47,890,581
Covered payroll	$ 47,724,604	$ 43,453,969	$ 41,551,721	$ 38,822,917	$ 35,822,623
Proportionate share of the net pension liability as a percentage of its covered payroll	208.73%	200.40%	183.39%	158.11%	133.69%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	$ 31,719,020	$ 32,018,598	$ 29,551,896	$ 23,935,064	$ 20,407,816
Less contributions in relation to the contractually required contribution	31,719,020	32,018,598	29,551,896	23,935,064	20,407,816
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 166,068,168	$ 167,636,639	$ 154,721,969	$ 141,460,189	$ 126,364,186
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 21,588,111	$ 20,578,638	$ 17,434,079	$ 15,178,376	$ 12,530,465
Less contributions in relation to the contractually required contribution	21,588,111	20,578,638	17,434,079	15,178,376	12,530,465
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 126,246,263	$ 126,404,410	$ 120,818,288	$ 120,654,817	$ 116,779,730
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	$ 23,157,361	$ 21,053,760	$ 16,592,895	$ 12,722,970	$ 10,389,114
Less contributions in relation to the contractually required contribution	23,157,361	21,053,760	16,592,895	12,722,970	10,389,114
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 85,609,468	$ 78,912,144	$ 65,403,607	$ 55,534,570	$ 50,188,957
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 9,999,391	$ 8,620,018	$ 6,748,836	$ 5,770,703	$ 4,599,351
Less contributions in relation to the contractually required contribution	9,999,391	8,620,018	6,748,836	5,770,703	4,599,351
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 50,704,280	$ 47,724,604	$ 43,453,969	$ 41,551,721	$ 38,822,917
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

These schedules presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – There were no changes of assumptions since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

- *Changes in Benefit Terms* – There were no changes in benefit terms for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

Rialto Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Education - Basic Grants to States ELA	84.002A	14508	$ 50,137
Adult Education - Basic Grants to States Secondary	84.002	13978	102,249
Subtotal			152,386
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	9,935,282
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	542,320
Subtotal			10,477,602
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	95,357
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	652,118
Subtotal			747,475
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	34,401,218
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	285,075
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	114,841
Subtotal			34,801,134
Supporting Effective Instruction State Grants	84.367	14341	1,028,987
Student Support and Academic Enrichment Program	84.424	15396	1,110,381
Twenty-First Century Community Learning Centers	84.287	14535	241,775
Career and Technical Education - Basic Grants to States	84.048	14894	277,408
Passed Through East Valley SELPA			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,485,589
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	3,170
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	274,960
Subtotal			4,763,719
Preschool Grants, Part B, Sec 619	84.173	13430	94,706
Preschool Staff Development, Part B, Sec 619	84.173A	13431	846
Subtotal			95,552
Total Special Education Cluster (IDEA)			4,859,271
Total U.S. Department of Education			53,696,419

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program (NSL Sec 4)	10.555	13523	$ 1,381,642
National School Lunch Program (NSL Sec 11)	10.555	13524	10,442,161
National School Lunch Program - Meal Supplements	10.555	13755	234,873
National School Lunch Program - Commodities	10.555	13524	1,290,953
Supply Chain Assistance (SCA) Funds	10.555	15655	417,596
Local Food for Schools	10.555	15708	85,376
Subtotal			13,852,601
School Breakfast Program - Especially Needy	10.553	13526	9,052,397
Summer Food Services Program for Children - Operations	10.559	13004	184,331
Fresh Fruit and Vegetable Program (FFVP)	10.582	14968	456,641
Total Child Nutrition Cluster			23,545,970
Passed Through California Department of Social Services			
Child and Adult Care Food Program			
Centers and Family Day Care Homes	10.558	13529	2,368,371
Cash in Lieu of Commodities	10.558	13534	160,386
Subtotal			2,528,757
Passed Through California State Controller			
Forest Services Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	30,732
Total Forest Services Schools and Roads Cluster			30,732
Total U.S. Department of Agriculture			26,105,459
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	[1]	281,804
Total U.S. Department of Defense			281,804
U.S. Department of Health and Human Services			
Passed Through California Department of Social Services			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 ARP California State Preschool Program			
One-time Stipend	93.575	15640	51,837
Total Child Care and Development Fund (CCDF) Cluster			51,837
Total U.S. Department of Health and Human Services			51,837

[1] Direct award – not applicable

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Communications Commission			
COVID-19 Emergency Connectivity Fund	32.009	[1]	$ 3,287,984
Total Federal Communications Commission			3,287,984
U.S. Department of Treasury			
Passed Through San Bernardino County			
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	[2]	752,678
Total U.S. Department of Treasury			752,678
Total Federal Financial Assistance			$ 84,176,181

[1] Direct award – not applicable
[2] Pass-through entity identifying number was not available

	Final Report	
	Second Period Report	Annual Report
	BD9C8D7	CA64BBF4
Regular ADA		
Transitional kindergarten through third	6,755.48	6,752.81
Fourth through sixth	4,969.90	4,964.76
Seventh and eighth	3,335.54	3,325.57
Ninth through twelfth	6,423.81	6,362.96
Total Regular ADA	21,484.73	21,406.10
Extended Year Special Education		
Transitional kindergarten through third	9.75	7.28
Fourth through sixth	3.24	3.83
Seventh and eighth	1.58	2.22
Ninth through twelfth	5.99	6.29
Total Extended Year Special Education	20.56	19.62
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.00	0.99
Fourth through sixth	1.82	2.50
Seventh and eighth	1.53	2.97
Ninth through twelfth	5.34	5.43
Total Special Education, Nonpublic, Nonsectarian Schools	9.69	11.89
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.11	0.11
Total ADA	21,515.09	21,437.72

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	50,718	1,184	51,902	176	4	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,718	1,184	51,902	176	4	180	N/A	N/A	N/A	Complied
Grade 2		50,718	1,184	51,902	176	4	180	N/A	N/A	N/A	Complied
Grade 3		50,718	1,184	51,902	176	4	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		53,874	1,264	55,138	176	4	180	N/A	N/A	N/A	Complied
Grade 5		53,874	1,264	55,138	176	4	180	N/A	N/A	N/A	Complied
Grade 6		61,012	1,358	62,370	176	4	180	N/A	N/A	N/A	Complied
Grade 7		61,012	1,358	62,370	176	4	180	N/A	N/A	N/A	Complied
Grade 8		61,012	1,358	62,370	176	4	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,112	1,444	65,556	176	4	180	N/A	N/A	N/A	Complied
Grade 10		64,112	1,444	65,556	176	4	180	N/A	N/A	N/A	Complied
Grade 11		64,112	1,444	65,556	176	4	180	N/A	N/A	N/A	Complied
Grade 12		64,112	1,444	65,556	176	4	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 1,184 minutes for grades K-3, 1,264 minutes for grades 4-5, 1,358 minutes for grades 6-8, 1,444 minutes for grades 9-12, and for four days.

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

	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Enterprise Fund
Fund Balance/Net Position			
Balance, June 30, 2025, Unaudited Actuals	$ 101,245,617	$ 91,366,342	$ 796,529
Increase in			
Cash in banks	-	-	49,407
Investments	-	981,547	-
Accounts payable	(3,043,824)	-	-
Balance, June 30, 2025, Audited Financial Statements	$ 98,201,793	$ 92,347,889	$ 845,936

	(Budget) 2026 [1]	2025	2024 [1]	2023 [1]
General Fund [3]				
Revenues	$ 463,234,963	$ 518,427,928	$ 527,491,664	$ 528,844,043
Other sources	-	1,226,053	1,494,112	2,273,019
Total revenues and other sources	463,234,963	519,653,981	528,985,776	531,117,062
Expenditures	517,571,405	495,078,706	486,927,693	443,646,271
Other uses	6,445,165	21,125,291	16,124,433	21,327,241
Total expenditures and other uses	524,016,570	516,203,997	503,052,126	464,973,512
Increase/(Decrease) in Fund Balance	(60,781,607)	3,449,984	25,933,650	66,143,550
Ending Fund Balance	$ 143,823,430	$ 204,605,037	$ 201,155,053	$ 175,221,403
Available Reserves [2]	$ 15,357,386	$ 15,486,120	$ 15,091,564	$ 13,922,176
Available Reserves as a Percentage of Total Outgo	2.93%	3.00%	3.00%	2.99%
Long-Term Liabilities [4]	N/A	$ 639,969,697	$ 582,701,790	$ 471,260,553
K-12 Average Daily Attendance at P-2	21,286	21,515	21,760	21,971

The General Fund balance has increased by $29,383,634 over the past two years. The fiscal year 2025-2026 budget projects a decrease of $60,781,607 (29.7%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by $168,709,144 over the past two years.

Average daily attendance has decreased by 456 over the past two years. An additional decline of 229 in ADA is anticipated during fiscal year 2025-2026.

[1] Financial information for 2026, 2024, and 2023 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

[4] Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

Rialto Unified School District

Combining Balance Sheet – Non-Major Governmental Funds

June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets							
Deposits and investments	$ 1,638,656	$ 370,226	$ 6,428,882	$ 7,365,337	$ 19,606	$ 18,815,925	$ 34,638,632
Receivables	-	191,761	65,742	79,730	379	-	337,612
Due from other funds	-	30	806,552	-	-	-	806,582
Prepaid expenditures	-	5,600	-	9,450	-	-	15,050
Total assets	$ 1,638,656	$ 567,617	$ 7,301,176	$ 7,454,517	$ 19,985	$ 18,815,925	$ 35,797,876
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ 53,942	$ 199,809	$ 302,869	$ -	$ -	$ 556,620
Due to other funds	-	232,716	1,000,808	-	-	-	1,233,524
Total liabilities	-	286,658	1,200,617	302,869	-	-	1,790,144
Fund Balances							
Nonspendable	300	5,600	-	9,450	-	-	15,350
Restricted	1,638,356	275,359	3,157,481	7,142,198	19,985	18,815,925	31,049,304
Assigned	-	-	2,943,078	-	-	-	2,943,078
Total fund balances	1,638,656	280,959	6,100,559	7,151,648	19,985	18,815,925	34,007,732
Total liabilities and fund balances	$ 1,638,656	$ 567,617	$ 7,301,176	$ 7,454,517	$ 19,985	$ 18,815,925	$ 35,797,876

See Notes to Supplementary Information

Rialto Unified School District

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

Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues								
Federal sources	$ -	$ 152,386	$ -	$ -	$ -		$ 178,479	$ 330,865
Other State sources	-	1,713,899	6,831,969	-	-		55,644	8,601,512
Other local sources	2,177,542	38,339	462,189	2,924,388	5,834		13,161,898	18,770,190
Total revenues	2,177,542	1,904,624	7,294,158	2,924,388	5,834		13,396,021	27,702,567
Expenditures								
Current								
Instruction	-	890,532	4,226,969	-	-		-	5,117,501
Instruction-related activities								
Supervision of instruction	-	4,904	313,742	-	-		-	318,646
School site administration	-	749,908	1,421,328	-	-		-	2,171,236
Pupil services								
All other pupil services	-	130,692	81,279	-	-		-	211,971
Administration								
All other administration	-	67,555	380,300	-	-		-	447,855
Plant services	-	6,334	183,561	-	-		-	189,895
Ancillary services	1,993,257	-	-	-	-		-	1,993,257
Other outgo	-	-	-	234,726	-		-	234,726
Facility acquisition and construction	-	-	16,669	6,222,968	-		-	6,239,637
Debt service								
Principal	-	-	-	-	-		16,915,000	16,915,000
Interest and other	-	-	-	-	-		3,224,696	3,224,696
Total expenditures	1,993,257	1,849,925	6,623,848	6,457,694	-		20,139,696	37,064,420
Excess (Deficiency) of Revenues Over Expenditures	184,285	54,699	670,310	(3,533,306)	5,834		(6,743,675)	(9,361,853)
Other Financing Sources								
Transfers in	-	-	800,000	-	-		-	800,000
Net Change in Fund Balances	184,285	54,699	1,470,310	(3,533,306)	5,834		(6,743,675)	(8,561,853)
Fund Balance - Beginning, as previously reported	1,454,371	226,260	4,630,249	10,684,954	14,151	33,444,403	25,559,600	76,013,988
Adjustments (Note 16)	-	-	-	-	-	(33,444,403)	-	(33,444,403)
Fund Balance - Beginning, as restated	1,454,371	226,260	4,630,249	10,684,954	14,151		25,559,600	42,569,585
Fund Balance - Ending	$ 1,638,656	$ 280,959	$ 6,100,559	$ 7,151,648	$ 19,985		$ 18,815,925	$ 34,007,732

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District did not report any commodities inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Other Information
June 30, 2025

Rialto Unified School District

ORGANIZATION

The Rialto Unified School District (the District) was unified on July 1, 1964 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nineteen elementary schools, five middle schools, three high schools, a continuation high school, an alternative high school, an adult education school, a preschool program, and an infant program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Dr. Stephanie E. Lewis	President	2028
Mr. Joseph W. Martinez	Vice President	2028
Mr. Edgar Montes	Clerk	2026
Mrs. Evelyn P. Dominguez	Member	2026
Mrs. Dakira R. Williams	Member	2028

ADMINISTRATION

NAME	TITLE
Dr. Alejandro Álvarez	Superintendent
Dr. Rhea McIver Gibbs	Deputy Superintendent
Diane Romo	Associate Superintendent of Business Services
Nicole Albiso	Executive Director Fiscal Services

Independent Auditor's Reports
June 30, 2025

Rialto Unified School District

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Rialto Unified School District
Rialto, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rialto Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2026.

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Correction of an Error

As discussed in Note 16 to the financial statements, certain errors resulting in an understatement of amounts previously reported for accounts payable and cash in banks as of June 30, 2024, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the Cafeteria Fund fund balance and governmental activities and business-type activities net position as of July 1, 2024, to correct the errors. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002.

District's Response to Findings

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

We noted certain matters that we reported to management of the District in a separate letter dated February 27, 2026.

Purpose of this Report

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

Eide Bailly LLP

Ontario, California
February 27, 2026

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Rialto Unified School District
Rialto, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

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

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Assistance Listing No. 10.553, 10.555, 10.559, and 10.582, Child Nutrition Cluster, as described in finding number 2025-003 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004 to be a significant deficiency.

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.

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

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.

Eide Bailly LLP

Ontario, California
February 27, 2026

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

To the Governing Board
Rialto Unified School District
Rialto, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program:	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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 identified during the audit.

Report on Internal Control over Compliance

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

in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Ede Sally LLP

Ontario, California
February 27, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

Rialto Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major program	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified for all major programs except for Child Nutrition Cluster which was qualified.
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A
Child Nutrition Cluster	10.553, 10.555, 10.559, 10.582
Centers and Family Day Care Homes	10.558
Cash in Lieu of Commodities	10.558
Emergency Connectivity Fund	32.009

Dollar threshold used to distinguish between type A and type B programs	$2,525,285
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Unmodified

The following findings represent material weaknesses and an instance of material noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2025-001 30000 – Internal Control over Financial Statement Preparation (Material Weakness)

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified certain material misstatements of balances within the District's 2024-2025 unaudited actuals financial report. We noted that the District's Enterprise Fund ending net position was understated by $49,407 as a result of understatement of cash in banks. The beginning net position of the Enterprise Fund was also understated by $44,627 as a result of understatement of cash in banks. In addition, we noted that the Special Reserve Fund for Capital Outlay Projects' ending net position was understated by $981,547 as a result of understatement of investments.

Context

The condition was identified through review of available District records related to the 2024-2025 unaudited actuals financial report.

Cause

The cause of the condition identified appears to be due to inadequate internal control processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

Effect

Due to the condition identified, the District's prior period ending business-type activities net position and Enterprise Fund net position were understated by $44,627, and the District's business-type activities and Enterprise Fund ending net position were understated by $49,407. In addition, the governmental activities ending net position and Special Reserve Fund for Capital Outlay Project ending fund balance were understated by $981,547. The net effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Repeat Finding

No.

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

The District has reevaluated its closing process to ensure necessary entries are made to properly close out the enterprise accounts.

2025-002 30000 – Internal Control over Financial Statement Preparation (Material Weakness, Material Noncompliance)

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified certain material misstatements of beginning balances. Through review of supporting records, we noted that the District's Cafeteria Fund beginning fund balance was overstated and by $3,043,824 and accounts payable was understated by $3,043,824 as a result of fraudulent cafeteria meal claims submitted under the federal Child Nutrition Cluster Program.

Context

The condition was identified through review of the results of a forensic investigation initiated by the District related to federal Child Nutrition Cluster program meal claims for fiscal years 2021-2022 and 2022-2023.

Cause

The cause of the condition identified appears to be due to inadequate internal control processes related to the preparation of the District's federal Child Nutrition Cluster Program meal claims, which resulted in fraudulently overstated claims being submitted.

Effect

As a result of the condition identified above, the District's Cafeteria Fund beginning fund balance was overstated by $3,043,824.

Repeat Finding

No.

Recommendation

The District should implement additional internal controls over the preparation and submission of cafeteria meal claims to ensure that monthly meal claims reconcile to underlying supporting records of meals served.

Corrective Action Plan and Views of Responsible Officials

The District will strengthen its internal control system to ensure that each entry within the Nutrition Services data management system meets required program criteria and is fully supported by appropriate documentation. A more robust process of review and verification will be implemented to safeguard the integrity of originating data and prevent compromise. System access controls will also be reinforced to ensure that granted access is appropriate and used in accordance with established protocols. Ensuring the accuracy of meal data will support accurate revenue reporting and, in turn, reliable financial reporting. Moreover, the District will continue to foster a culture of integrity in which all allegations of fraud are taken seriously and addressed promptly. The District will also enhance the visibility and accessibility of its WeTip reporting system to ensure employees, students, and community members can report concerns.

The following findings represent a significant deficiency, a material weakness, and a material instance of noncompliance including questioned costs that are required to be reported by the Uniform Guidance. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2025-003 50000 – Child Nutrition Cluster Reporting (Material Weakness in Internal Control over Compliance, Material Noncompliance)

Federal Agency: U.S. Department of Agriculture
Pass-Through Entity: California Department of Education
Program Name: Child Nutrition Cluster
Federal Financial Assistance Listing: 10.553, 10.555, 10.559
Award Identification Number: 15323,15324,13526, 13004
Award Year: 2021-2022, 2022-2023
Compliance Requirement: L. Reporting
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria

Per Title 7, U.S. *Code of Federal Regulations*, Subtitle B, Chapter II, Subchapter A, Parts 210.8 and 220.11, School Food Authorities (SFA) must establish internal controls which ensure the accuracy of meal counts prior to the submission of the monthly Claim for Reimbursement. Prior to submission of a monthly Claim for Reimbursement, each school food authority shall review the breakfast and lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced-price, and paid breakfasts and lunches served on any day of operation to children currently eligible for such meals. SFA staff shall maintain on file each month's Claim for Reimbursement and all data used in the claims review process, by school.

Condition

The District did not have sufficient controls in place to ensure that monthly Claims for Reimbursement accurately reflected the numbers of meals served. We noted per review of the results of a forensic investigation, discrepancies between the daily meal counts and the monthly Claims for Reimbursement for various months from December 2021 through June 2023. The discrepancies in meal counts resulted in an approximate excess claim of $3,043,824.

Cause

The condition identified above resulted from lack of sufficient internal controls over compliance to prevent fraudulent activity related to meal claims.

Effect

The District has not complied with the requirements identified in Title 7, U.S. *Code of Federal Regulations*, Subtitle B, Chapter II, Subchapter A, Parts 210.8 and 220.11.

Questioned Costs

The condition identified resulted in questioned costs of $3,043,824.

Context/Sampling:

The condition was identified by the District through the results of a forensic investigation reviewing monthly meal claims and supporting documentation for the fiscal years of 2021-2022, 2022-2023, and 2023-2024.

Repeat Finding

No.

Recommendation

The District should review the requirements stated in Title 7, U.S. *Code of Federal Regulations*, Subtitle B, Chapter II, Subchapter A, Parts 210.8 and 220.11 and implement procedures to address the control deficiencies currently identified. The District should retain all supporting documentation used to complete the monthly Claims for Reimbursements and ensure the number of meals reported on the Claims for Reimbursements agree to the supporting system reports.

Corrective Action Plan and Views of Responsible Officials

The District will strengthen its internal control system to ensure that each entry within the Nutrition Services data management system meets required program criteria and is fully supported by appropriate documentation. A more robust process of review and verification will be implemented to safeguard the integrity of originating data and prevent compromise. System access controls will also be reinforced to ensure that granted access is appropriate and used in accordance with established protocols. Ensuring the accuracy of meal data will support accurate revenue reporting and, in turn, reliable financial reporting. Moreover, the District will continue to foster a culture of integrity in which all allegations of fraud are taken seriously and addressed promptly. The District will also enhance the visibility and accessibility of its WeTip reporting system to ensure employees, students, and community members can report concerns.

2025-004 **50000 – Child and Adult Care Food Program Subrecipient Monitoring (Significant Deficiency in Internal Control over Compliance, Noncompliance)**

Federal Agency: U.S. Department of Agriculture
Pass-Through Entity: California Department of Social Services
Program Name: Child and Adult Care Food Program (CACFP)
Federal Financial Assistance Listing: 10.558
Award Identification Number: 13529, 13534
Award Year: 2024-2025
Compliance Requirement: M. Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria

Title 7, *Code of Federal Regulations*, Part 226.16(d)(4)(iii) requires sponsoring organizations to review each subrecipient facility a minimum of three times per year. Additionally, at least two of the three reviews must be unannounced.

Condition

At eight of 10 sites tested, the District has not met the minimum monitoring requirements. Five of 10 sites tested had no monitoring visits completed during the year, one of 10 sites tested had only one monitoring visit during the year, and two of 10 sites had only two monitoring visits during the year. Through further discussions with management, it was noted that the District does not perform monitoring visits on the secondary school sites, of which there are seven sites. This resulted in an additional three deviations for a total of 11 deviations noted.

Cause

The cause appears to be due to lack of internal controls over compliance for subrecipient monitoring.

Effect

The District is not in compliance with the provisions of Title 7, *Code of Federal Regulations*, Part 226.16(d)(4)(iii).

Questioned Costs

None reported.

Context/Sampling:

A nonstatistical sample of five out of 26 sites was initially tested. This resulted in four instances of noncompliance as follows: three sites had no monitoring visits completed, and one site had only one of the three required monitoring visits completed. In response to this noncompliance, five additional sites were tested for a total of 10 out of 26 sites. This resulted in four additional instances of noncompliance as follows: two sites had no monitoring visits completed, and two sites had only two of the three required monitoring visits completed.

Repeat Finding

No.

Recommendation

The District should implement internal controls over subrecipient monitoring to ensure that an adequate number of monitoring visits of each type are made during each year.

Corrective Action Plan and Views of Responsible Officials

The Nutrition Services management team has established an internal schedule to ensure visits are done in a timely and compliant manner.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Federal Awards Findings

2024-001 50000 – Title I, Part A – Annual Report Card, High School Graduation Rate

Federal Agency: U.S. Department of Education
Pass-Through Entity: California Department of Education
Program Name: Title I, Part A, Basic Grants Low-Income and Neglected and School Improvement Funding for LEAs
Federal Financial Assistance Listing: 84.010
Compliance Requirement(s): N (Special Tests & Provisions) Annual Report Card, High School Graduation Rate
Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria

Local Education Agencies (LEAs) must report graduation rate data for all public high schools at the school and LEA levels using the four-year adjusted cohort rate and, at an LEA's discretion, one or more extended year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the Elementary and Secondary Education Act (ESEA), homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))). Written documentation must be maintained to remove a student from the cohort.

Condition

The District did not adequate maintain written documentation for two of the seven sampled students that were removed from the cohort.

Cause

The condition arose due to lack of sufficient internal controls over compliance related to removal of students from the cohort.

Effect

The District has not complied with the requirement to maintain written documentation to remove a student from the cohort.

Questioned Costs

None reported.

Context/Sampling

The condition was identified through review of supporting documentation for a sample of students who were identified as removed from the cohort on the California Longitudinal Pupil Achievement Data System (CALPADS) 15.2 Cohort Outcome report. Two of the seven sampled students identified as removed from the cohort on the CALPADS 15.2 Cohort Outcome report did not have adequate written documentation to support the removal of the students from the cohort. We determined the condition to be systematic for students transferring to schools within the United States.

Recommendation

The District should ensure that they meet all of the requirements of ESEA. The District should revise their procedures to ensure that adequate written documentation for all students removed from the cohort is maintained and data inputted into the system is accurate.

Current Status

Implemented.

Management
Rialto Unified School District
Rialto, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 27, 2026, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Ethel Kucera Middle School

Observation

Based on the review of the cash receipting procedures, it was noted that two of 20 deposits tested were not deposited in a timely manner. The delays in deposit ranged from 13 to 14 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.

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

Eide Bailly LLP

Ontario, California
February 27, 2026

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE