

Financial Statements
June 30, 2025

Colton Joint Unified School District

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Independent Auditor's Report

To the Governing Board
Colton Joint Unified School District
Colton, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colton Joint 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, each major fund, and the aggregate remaining fund information of the Colton Joint 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 17 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.

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 total 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 December 10, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 10, 2025

Colton Joint Unified School District

Frank Miranda, Ed.D., Superintendent

Gregory Fromm, Assistant Superintendent, Business Services Division



Commitment to Equal Opportunity

BOARD OF EDUCATION

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This section of Colton Joint 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.

FINANCIAL HIGHLIGHTS

- The District's net position of governmental activities decreased by \$14.1 million to \$150.5 million.
- Governmental expenses were \$428.5 million. Revenues were \$442.8 million.
- The District increased its outstanding long-term liabilities other than OPEB and pensions by \$10.7 million or about 3.5%.
- Governmental funds ended the year at \$298.2 million, which was \$28.4 million lower than how they began the year.
- Reserves for the General Fund decreased by \$2.0 million to \$12.4 million partially because of restricted one-time revenues. Revenues and other sources were \$387.2 million and expenditures and other uses were \$414.3 million.

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 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 Colton Joint 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 present the District activities as follows:

Governmental Activities - All 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.

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 provides and charges services 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 Proprietary Statement of Net Position, the Proprietary Statement of Revenues, Expenses, and Change in Fund Net Position and the Proprietary Statement of Cash Flows. We use an internal service fund (a component of proprietary funds) to report activities related to the District's self-insured program for workers' compensation claims. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for Community Facilities Districts (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'S GOVERNMENTAL ACTIVITIES

Net Position

The District's net position was \$150,505,389 for the fiscal year ended June 30, 2025. Of this amount, \$(253,596,240) 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	\$ 363,141,030	\$ 382,117,941
Capital assets	435,894,325	418,738,895
Total assets	799,035,355	800,856,836
Deferred Outflows of Resources	111,082,559	111,745,815
Liabilities		
Current liabilities	52,622,469	40,358,635
Long-term liabilities other than OPEB and pensions	322,231,920	308,222,730
Other postemployment benefits (OPEB) liability	78,370,205	78,615,024
Aggregate net pension liability	259,609,927	277,629,581
Total liabilities	712,834,521	704,825,970
Deferred Inflows of Resources	46,778,004	43,084,453
Net Position		
Net investment in capital assets	260,846,291	239,866,551
Restricted	143,255,338	159,158,523
Unrestricted (deficit)	(253,596,240)	(234,332,846)
Total net position	\$ 150,505,389	\$ 164,692,228

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

The \$(253,596,240) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position (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 – increased by 8.2% (\$(253,596,240) compared to \$(234,332,846)).

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	\$ 411,842	\$ 1,053,516
Operating grants and contributions	110,587,364	153,439,732
Capital grants and contributions	7,775,432	2,032,771
General revenues		
Federal and State aid not restricted	244,768,140	250,998,860
Property taxes	65,108,383	63,413,628
Other general revenues	14,225,625	14,657,512
Total revenues	<u>442,876,786</u>	<u>485,596,019</u>
Expenses		
Instruction-related	265,932,235	295,004,104
Pupil services	64,816,156	67,316,729
Administration	27,234,295	29,269,945
Plant services	48,658,500	52,156,859
All other services	21,913,654	19,789,334
Total expenses	<u>428,554,840</u>	<u>463,536,971</u>
Change in net position	<u>\$ 14,321,946</u>	<u>\$ 22,059,048</u>

* 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. See Note 17 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 \$428,554,840. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$65,108,383 because the cost was paid by those who benefited from the programs (\$411,842) or by other governments and organizations who subsidized certain programs with grants and contributions (\$118,362,796). We paid for the remaining "public benefit" portion of our governmental activities with \$244,768,140 in State funds, and with \$14,225,625 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, 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	\$ 265,932,235	\$ 295,004,104	\$ (202,244,893)	\$ (227,334,359)
Pupil services	64,816,156	67,316,729	(34,026,675)	(26,226,883)
Administration	27,234,295	29,269,945	(24,780,557)	(16,928,821)
Plant services	48,658,500	52,156,859	(35,010,894)	(23,227,991)
All other services	21,913,654	19,789,334	(13,717,183)	(13,292,898)
Total	<u>\$ 428,554,840</u>	<u>\$ 463,536,971</u>	<u>\$ (309,780,202)</u>	<u>\$ (307,010,952)</u>

* 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. See Note 17 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$298,221,387, which is a decrease of \$28,485,554, or 8.7% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			June 30, 2025
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 185,589,097	\$ 387,282,736	\$ 414,342,566	\$ 158,529,267
Student Activity Fund	804,935	1,512,542	1,543,570	773,907
Adult Education	344,031	1,189,146	1,248,139	285,038
Child Development	1,009,481	4,928,993	5,006,519	931,955
Cafeteria	9,505,751	19,665,285	16,478,161	12,692,875
Building	48,777,954	2,715,414	9,153,696	42,339,672
Capital Facilities	12,028,008	1,556,796	2,844,355	10,740,449
County School Facilities	23,118,904	7,775,432	4,044,015	26,850,321
Special Reserve Fund for Capital Outlay Projects	22,469,255	10,780,215	9,824,698	23,424,772
Capital Project Component Unit	101	-	-	101
Bond Interest and Redemption	23,059,424	13,250,091	14,656,485	21,653,030
Total	\$ 326,706,941	\$ 450,656,650	\$ 479,142,204	\$ 298,221,387

The primary reasons for these decreases are:

- The General Fund is the principal operating fund. The fund balance in the General Fund decreased \$27.5 million to \$158.5 million. This decrease is due to the spending down of one-time funds and restricted one-time carryover.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$435,894,325 in a broad range of capital assets, including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization expenses) of \$17,155,430, or 4.1%, from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 84,799,271	\$ 74,185,895
Land improvements	179,776,522	178,274,515
Buildings and improvements	156,363,627	150,380,390
Furniture and equipment	10,317,622	10,757,621
Right-to-use leased assets	2,310,732	3,771,950
Right-to-use subscription IT assets	2,326,551	1,368,524
Total	<u>\$ 435,894,325</u>	<u>\$ 418,738,895</u>

We present more detailed information about our capital assets in Note 4 to the Financial Statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had \$317,915,112 in long-term liabilities other than OPEB and pension versus \$307,210,187 last year, resulting in an increase of \$10,704,925, or 3.5%, from last year. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	\$ 254,347,622	\$ 257,436,945
Unamortized debt premiums	11,906,353	12,529,125
Leases	2,419,553	3,861,016
Subscription-based IT arrangements	915,559	793,106
Finance purchase agreement	5,339,047	5,638,020
Supplemental early retirement plan	4,481,675	16,235,174
Claims liability	8,548,799	7,132,877
Compensated absences	29,956,504	3,583,924
Total	<u>\$ 317,915,112</u>	<u>\$ 307,210,187</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

The District presents more detailed information of our long-term liabilities other than OPEB and pension in Note 9 to the Financial Statements.

OPEB and Net Pension Liabilities

At year-end, the District had an other postemployment benefit (OPEB) liability of \$82,687,013 versus \$79,627,567 last year, an increase of \$3,059,446, or 3.8%.

In addition, the District has an aggregate net pension liability of \$259,609,927 versus \$277,629,581 last year, a decrease of \$18,019,654, or 6.5%.

The District presents more detailed information of OPEB and pension liabilities in Notes 11 and 14 to the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

On June 27, 2025, Governor Gavin Newsom signed the budget which includes the following major funding provisions.

- Cost-of-living adjustment (COLA) remains at 2.3% for the Local Control Funding Formula (LCFF).
- Imposes a 1.9 billion deferral from June 2026 to July 2026
- Continued investment in full TK implementation and additional ongoing funding to reduce TK ratios from 12:1 to 10:1.
- Provides 1.7 billion in one-time discretionary block grants.
- Additional \$515.1 million ongoing in Expanded Learning Opportunities Program.

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 Assistant Superintendent, Business Services Division, at Colton Joint Unified School District, 1212 Valencia Drive, Colton, California, 92324.

Colton Joint Unified School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 337,308,967
Receivables	24,898,858
Prepaid expense	103,200
Stores inventories	526,931
Lease receivables	303,074
Capital assets not depreciated or amortized	84,799,271
Capital assets, net of accumulated depreciation and amortization	351,095,054
Total assets	799,035,355
Deferred Outflows of Resources	
Deferred charge on refunding	6,130,699
Deferred outflows of resources related to OPEB	17,150,148
Deferred outflows of resources related to pensions	87,801,712
Total deferred outflows of resources	111,082,559
Liabilities	
Accounts payable	49,759,923
Accrued interest payable	2,312,952
Unearned revenue	549,594
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	18,146,952
OPEB liability due within one year	4,316,808
Long-term liabilities other than OPEB and pensions due in more than one year	299,768,160
Other postemployment benefits (OPEB) liability due in more than one year	78,370,205
Aggregate net pension liability	259,609,927
Total liabilities	712,834,521
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	21,181,795
Deferred inflows of resources related to pensions	25,293,135
Deferred inflows of resources related to leases	303,074
Total deferred inflows of resources	46,778,004
Net Position	
Net investment in capital assets	260,846,291
Restricted for	
Debt service	19,340,078
Capital projects	37,590,770
Educational programs	65,971,354
Self-insurance	5,758,253
Child nutrition	12,603,983
Other activities	1,990,900
Unrestricted (deficit)	(253,596,240)
Total net position	\$ 150,505,389

Colton Joint Unified School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 227,700,667	\$ 349	\$ 49,323,665	\$ 7,775,432	\$ (170,601,221)
Instruction-related activities					
Supervision of instruction	13,463,358	30	4,933,922	-	(8,529,406)
Instructional library, media, and technology	4,065,354	-	158,623	-	(3,906,731)
School site administration	20,702,856	148	1,495,173	-	(19,207,535)
Pupil services					
Home-to-school transportation	8,698,268	-	39,808	-	(8,658,460)
Food services	18,550,164	38,965	19,374,877	-	863,678
All other pupil services	37,567,724	41,284	11,294,547	-	(26,231,893)
Administration					
Data processing	9,184,884	-	-	-	(9,184,884)
All other administration	18,049,411	5,878	2,447,860	-	(15,595,673)
Plant services	48,658,500	24,238	13,623,368	-	(35,010,894)
Ancillary services	5,967,567	-	2,573,236	-	(3,394,331)
Community services	563,554	-	3,584	-	(559,970)
Enterprise services	(1,882)	-	-	-	1,882
Interest on long-term liabilities	12,004,202	-	-	-	(12,004,202)
Other outgo	3,380,213	300,950	5,318,701	-	2,239,438
Total governmental activities	<u>\$ 428,554,840</u>	<u>\$ 411,842</u>	<u>\$ 110,587,364</u>	<u>\$ 7,775,432</u>	<u>(309,780,202)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					46,548,461
Property taxes, levied for debt service					11,971,768
Taxes levied for other specific purposes					6,588,154
Federal and State aid not restricted to specific purposes					244,768,140
Interest, investment earnings and fair market valuation adjustment					9,941,817
Miscellaneous					<u>4,283,808</u>
Subtotal, general revenues and subventions					<u>324,102,148</u>
Change in Net Position					14,321,946
Net Position - Beginning, as previously reported					164,692,228
Adjustments (Note 17)					(28,508,785)
Net Position - Beginning, as restated					<u>136,183,443</u>
Net Position - Ending					<u>\$ 150,505,389</u>

Colton Joint Unified School District

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 184,097,556	\$ 44,109,280	\$ 93,206,786	\$ 321,413,622
Receivables	15,334,161	489,710	8,839,750	24,663,621
Due from other funds	6,427,319	134,661	2,462,886	9,024,866
Prepaid expenditures	103,200	-	-	103,200
Stores inventories	463,039	-	63,892	526,931
Lease receivable	303,074	-	-	303,074
Total assets	\$ 206,728,349	\$ 44,733,651	\$ 104,573,314	\$ 356,035,314
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 42,248,867	\$ 2,386,015	\$ 4,960,421	\$ 49,595,303
Due to other funds	5,097,547	7,964	2,260,445	7,365,956
Unearned revenue	549,594	-	-	549,594
Total liabilities	47,896,008	2,393,979	7,220,866	57,510,853
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	303,074	-	-	303,074
Fund Balances				
Nonspendable	641,239	-	88,892	730,131
Restricted	65,971,354	42,339,672	73,838,784	182,149,810
Committed	50,626,085	-	-	50,626,085
Assigned	28,860,540	-	23,424,772	52,285,312
Unassigned	12,430,049	-	-	12,430,049
Total fund balances	158,529,267	42,339,672	97,352,448	298,221,387
Total liabilities, deferred inflows of resources, and fund balances	\$ 206,728,349	\$ 44,733,651	\$ 104,573,314	\$ 356,035,314

Colton Joint Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds		\$ 298,221,387
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	\$ 675,566,885	
Accumulated depreciation and amortization is	<u>(239,672,560)</u>	
Net capital assets		435,894,325
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.		
		(2,312,952)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		
		5,758,253
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	6,130,699	
Other postemployment benefits (OPEB) liability	17,150,148	
Aggregate net pension liability	<u>87,801,712</u>	
Total deferred outflows of resources		111,082,559
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 and related to		
OPEB liability	(21,181,795)	
Aggregate net pension liability	<u>(25,293,135)</u>	
Total deferred inflows of resources		(46,474,930)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(259,609,927)

Colton Joint Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (82,687,013)

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	\$ (202,937,994)
Unamortized premium on issuance	(11,906,353)
Leases	(2,419,553)
Subscription-based IT arrangements	(915,559)
Financed purchase agreement	(5,339,047)
Supplemental early retirement plan	(4,481,675)
Compensated absences	(29,956,504)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(51,409,628)

Total long-term liabilities (309,366,313)

Total net position - governmental activities \$ 150,505,389

Colton Joint Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	\$ 282,678,296	\$ -	\$ -	\$ 282,678,296
Federal sources	19,482,361	-	20,217,164	39,699,525
Other State sources	54,455,424	-	13,760,542	68,215,966
Other local sources	29,237,784	2,715,414	26,555,440	58,508,638
Total revenues	385,853,865	2,715,414	60,533,146	449,102,425
Expenditures				
Current				
Instruction	232,433,934	-	3,833,398	236,267,332
Instruction-related activities				
Supervision of instruction	13,217,519	-	65,512	13,283,031
Instructional library, media, and technology	4,045,920	-	3,161	4,049,081
School site administration	23,207,042	-	1,015,728	24,222,770
Pupil services				
Home-to-school transportation	8,751,172	-	-	8,751,172
Food services	1,512,079	-	16,056,476	17,568,555
All other pupil services	36,157,269	-	734,695	36,891,964
Administration				
Data processing	8,017,213	-	-	8,017,213
All other administration	16,375,237	-	760,710	17,135,947
Plant services	45,988,537	530,970	259,189	46,778,696
Ancillary services	4,030,917	-	1,543,570	5,574,487
Community services	560,882	-	-	560,882
Other outgo	3,380,213	-	-	3,380,213
Enterprise services	1,750	-	-	1,750
Facility acquisition and construction	8,503,105	8,622,726	16,000,118	33,125,949
Debt service				
Principal	2,396,614	-	9,725,240	12,121,854
Interest and other	337,809	-	5,648,145	5,985,954
Total expenditures	408,917,212	9,153,696	55,645,942	473,716,850
Excess (Deficiency) of Revenues Over Expenditures	(23,063,347)	(6,438,282)	4,887,204	(24,614,425)
Other Financing Sources (Uses)				
Transfers in	-	-	125,354	125,354
Other sources - leases	121,935	-	-	121,935
Other sources - SBITAs	1,306,936	-	-	1,306,936
Transfers out	(5,425,354)	-	-	(5,425,354)
Net Financing Sources (Uses)	(3,996,483)	-	125,354	(3,871,129)
Net Change in Fund Balances	(27,059,830)	(6,438,282)	5,012,558	(28,485,554)
Fund Balance - Beginning	185,589,097	48,777,954	92,339,890	326,706,941
Fund Balance - Ending	\$ 158,529,267	\$ 42,339,672	\$ 97,352,448	\$ 298,221,387

Colton Joint Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds \$ (28,485,554)

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 expense in the Statement of Activities. This is the amount by which capital outlay exceed depreciation and amortization expense in the period.

Capital outlay	\$ 34,461,596
Depreciation and amortization expense	<u>(17,303,626)</u>

Net expense adjustment	17,157,970
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A loss (gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.	(2,540)
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Right-to-use assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.	(121,935)
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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.	(1,306,936)
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In the Statement of Activities, certain operating expenses, such as supplemental early retirement plans 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 supplemental early retirement plans earned and used.	11,753,499
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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.	2,136,205
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Colton Joint Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2025

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.		\$ 11,134,458
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 of resources and OPEB liability during the year.		412,167
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 amortization		622,772
Deferred charge on refunding amortization		(672,389)
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds		9,075,000
Leases		1,563,398
Subscription-based IT arrangements		1,184,483
Financed purchase agreement		298,973
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.		(5,968,631)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		(4,458,994)
Change in net position of governmental activities		<u>\$ 14,321,946</u>

Colton Joint Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2025

	<u>Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 15,895,345
Receivables	235,237
Due from other funds	<u>2,500,000</u>
Total current assets	<u>18,630,582</u>
Liabilities	
Current liabilities	
Accounts payable	164,620
Due to other funds	4,158,910
Current portion of claims liability	<u>1,520,273</u>
Total current liabilities	<u>5,843,803</u>
Noncurrent liabilities	
Claims liability	<u>7,028,526</u>
Total liabilities	<u>12,872,329</u>
Net Position	
Restricted	<u>\$ 5,758,253</u>

Colton Joint Unified School District
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds
Year Ended June 30, 2025

	<u>Internal Service Fund</u>
Operating Revenues	
Charges for services	<u>\$ 467,224</u>
Operating Expenses	
Payroll costs	4,979,552
Supplies and materials	130,601
Facility rental	16,698
Provision for claims and claim adjustment expense	1,415,922
Other operating cost	<u>4,648,797</u>
Total operating expenses	<u>11,191,570</u>
Operating Loss	<u>(10,724,346)</u>
Nonoperating Revenues	
Fair market value adjustments	246,413
Interest income	<u>718,939</u>
Total nonoperating revenues	<u>965,352</u>
Loss before capital contributions and transfers	(9,758,994)
Transfers in	<u>5,300,000</u>
Change in Net Position	(4,458,994)
Total Net Position - Beginning	<u>10,217,247</u>
Total Net Position - Ending	<u><u>\$ 5,758,253</u></u>

Colton Joint Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	<u>Internal Service Fund</u>
Operating Activities	
Cash receipts from interfund services provided	\$ 356,849
Cash payments to other suppliers of goods or services	1,438,189
Cash payments to employees for services	(4,979,552)
Other operating cash payments	<u>(5,555,928)</u>
Net Cash Used for Operating Activities	<u>(8,740,442)</u>
Investing Activities	
Fair market value adjustments	246,413
Interest on investments	<u>716,644</u>
Net Cash From Investing Activities	<u>963,057</u>
Noncapital Financing Activities	
Transfer in from other funds	<u>5,300,000</u>
Net Change in Cash and Cash Equivalents	(2,477,385)
Cash and Cash Equivalents, Beginning	<u>18,372,730</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 15,895,345</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	\$ (10,724,346)
Adjustments to reconcile operating loss	
to net cash used for operating activities	
Changes in assets and liabilities	
Receivables	(56,965)
Due from other fund	(53,410)
Accounts payable	(907,131)
Due to other fund	1,585,488
Claims liability	<u>1,415,922</u>
Net Cash Used for Operating Activities	<u><u>\$ (8,740,442)</u></u>

Colton Joint Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 6,239,207</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 6,239,207</u>

Colton Joint Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2025

	<u>Custodial Funds</u>
Additions	
Contributions	
Collections from property owners	\$ 808,525
Interest	<u>202,869</u>
Total contributions	<u>1,011,394</u>
Deductions	
Payments to investors	634,086
Other expenditures	<u>16,728</u>
Total deductions	<u>650,814</u>
Net Increase in Fiduciary Net Position	360,580
Total Net Position - Beginning	<u>5,878,627</u>
Net Position - Ending	<u><u>\$ 6,239,207</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Colton Joint Unified School District (the District) was established in 1966 under the laws of the State of California. The District operates eighteen elementary schools, four middle schools, three high schools, a continuation high school, an adult education school, a school for alternative education, and child development centers.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. 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 Colton Joint Unified School District Facilities Corporation (the "Corporation") financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units. A financed purchase agreement executed and delivered by the Corporation is included as long-term liabilities in the District-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 three 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 special revenue funds in the *California State Accounting Manual* (CSAM) do 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 \$69.

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.

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.
- **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).

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.).
- **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).
- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Joint Powers Authorities and similar entities that are considered blended component units of the District under generally accepted accounts principles (GAAP).

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 the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund.

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.

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 used to account for activity of the Colton Joint Unified School District Community Facilities Districts (CFDs No. 2 and No. 3).

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, of the District and for each governmental function and exclude fiduciary activity. 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 depreciation and amortization of capital assets. 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 result 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other 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 all 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 investments in the County treasury and the Local Agency Investment Fund (LAIF) are measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolios determined by the program sponsors. Positions in these investment pools 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

Store inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out 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 varies from 3 to 5 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 2 to 8 years.

Lease Receivable

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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 activities columns of the statement of net position.

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 and discounts, as well as 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 charge 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 related to leases, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. 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 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 \$143,255,338 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 fund. 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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of 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 17.

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	\$ 321,413,622
Proprietary funds	15,895,345
Fiduciary funds	<u>6,239,207</u>
Total deposits and investments	<u><u>\$ 343,548,174</u></u>

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

Cash on hand and in banks	\$ 779,907
Cash with fiscal agent	1,383,274
Cash in revolving	100,000
Investments	<u>341,284,993</u>
Total deposits and investments	<u><u>\$ 343,548,174</u></u>

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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California *Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, 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 and LAIF. The San Bernardino County Treasury Investment Pool and LAIF purchase a combination of shorter term and longer term investments and time 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	Average Maturity in Days
Local Agency Investment Fund	\$ 152,006	248
San Bernardino County Treasury Investment Pool	341,132,987	729
Total	<u>\$ 341,284,993</u>	

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 are rated AA+ by Fitch Ratings. The District's investments in the Local Agency Investment Fund are not required to be rated, nor have they been rated as of June 30, 2025.

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 \$591,264 was exposed to custodial credit risk because it was uninsured and uncollateralized and \$1,075,274 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 - 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	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds
Federal Government					
Categorical aid	\$ 5,834,181	\$ -	\$ 6,888,334	\$ 12,722,515	\$ -
State Government					
Categorical aid	4,236,337	-	984,672	5,221,009	-
Lottery	1,324,376	-	-	1,324,376	-
Special education	1,425,237	-	-	1,425,237	-
Local Government					
Interest	1,997,675	489,710	789,810	3,277,195	178,212
Other local sources	516,355	-	176,934	693,289	57,025
Total	<u>\$ 15,334,161</u>	<u>\$ 489,710</u>	<u>\$ 8,839,750</u>	<u>\$ 24,663,621</u>	<u>\$ 235,237</u>

Note 4 - 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	\$ 40,941,444	\$ -	\$ -	\$ 40,941,444
Construction in progress	33,244,451	28,955,420	(18,342,044)	43,857,827
Total capital assets not being depreciated or amortized	74,185,895	28,955,420	(18,342,044)	84,799,271
Capital assets being depreciated and amortized				
Land improvements	242,626,953	7,505,995	-	250,132,948
Buildings and improvements	284,284,984	12,181,929	-	296,466,913
Furniture and equipment	32,824,541	1,619,639	(36,888)	34,407,292
Right-to-use leased buildings and improvements	2,455,428	-	-	2,455,428
Right-to-use leased furniture and equipment	3,596,295	121,935	(68,537)	3,649,693
Right-to-use subscription IT assets	4,338,623	2,418,722	(3,102,005)	3,655,340
Total capital assets being depreciated and amortized	570,126,824	23,848,220	(3,207,430)	590,767,614
Total capital assets	644,312,719	52,803,640	(21,549,474)	675,566,885
Accumulated depreciation and amortization				
Land improvements	(64,352,438)	(6,003,988)	-	(70,356,426)
Buildings and improvements	(133,904,594)	(6,198,692)	-	(140,103,286)
Furniture and equipment	(22,066,920)	(2,057,098)	34,348	(24,089,670)
Right-to-use leased buildings and improvements	(818,476)	(818,476)	-	(1,636,952)
Right-to-use leased furniture and equipment	(1,461,297)	(764,677)	68,537	(2,157,437)
Right-to-use subscription IT assets	(2,970,099)	(1,460,695)	3,102,005	(1,328,789)
Total accumulated depreciation and amortization	(225,573,824)	(17,303,626)	3,204,890	(239,672,560)
Net depreciable and amortizable capital assets	344,553,000	6,544,594	(2,540)	351,095,054
Governmental activities capital assets, net	\$ 418,738,895	\$ 35,500,014	\$ (18,344,584)	\$ 435,894,325

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

Governmental Activities	
Instruction	\$ 11,728,259
Supervision of instruction	6,800
School site administration	665,442
Food services	1,067,987
All other pupil services	231,443
Ancillary Services	462,886
Data processing	1,224,762
All other administration	947,293
Plant services	968,754
Total depreciation and amortization expense governmental activities	\$ 17,303,626

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	July 1, 2024	Addition	Deletion	June 30, 2025
Office Space (1)	\$ 24,309	\$ -	\$ (24,309)	\$ -
Office Space (2)	7,930	-	(7,930)	-
Office Space (3)	-	316,607	(13,533)	303,074
Total	<u>\$ 32,239</u>	<u>\$ 316,607</u>	<u>\$ (45,772)</u>	<u>\$ 303,074</u>

Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provisions of estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing facilities to various lessees. These leases are non-cancelable for periods more than one year. During the year ended June 30, 2025, the District recognized \$45,772 in lease revenue and \$188 in interest revenue related to these agreements.

At June 30, 2025, the District recorded \$303,074 in lease receivable and deferred inflow of resources for these agreements. The interest rate on these leases was 4.00%.

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, non-major governmental funds and the internal service fund are as follows:

Due To	Due From				Total
	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 7,964	\$ 2,260,445	\$ 4,158,910	\$ 6,427,319
Building Fund	134,661	-	-	-	134,661
Non-Major Governmental Funds	2,462,886	-	-	-	2,462,886
Internal Service Fund	2,500,000	-	-	-	2,500,000
Total	<u>\$ 5,097,547</u>	<u>\$ 7,964</u>	<u>\$ 2,260,445</u>	<u>\$ 4,158,910</u>	<u>\$ 11,524,866</u>

The balance of \$134,661 is due from the General Fund to the Building Fund for portable building expenditures.

A balance of \$276,329 is due from the General Fund to the Capital Facilities Non-Major Governmental Fund for shade structure and portable building expenditures.

A balance of \$790,000 is due from the General Fund to the County School Facilities Non-Major Governmental Fund for portable building expenditures.

A balance of \$1,328,993 is due from the General Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for shade structure and roadway project expenditures.

The balance of \$2,500,000 is due from the General Fund to the Internal Service Fund for a contribution for open insurance claims.

A balance of \$85,192 is due from the Child Development Non-Major Governmental Fund to the General Fund for employee benefits and indirect cost

A balance of \$2,152,388 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for employee benefits, temporary loans, indirect costs, and operating costs.

The balance of \$4,158,910 is due from the Internal Service Fund to the General Fund for employee benefits.

All other balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions 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 and an in-kind match.	\$ 125,354
The General Fund transferred to the Internal Service Fund a contribution for open claims.	<u>5,300,000</u>
Total	<u><u>\$ 5,425,354</u></u>

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds
Vendor payables	\$ 12,317,799	\$ 2,381,542	\$ 4,586,344	\$ 19,285,685	\$ 155,236
LCFF apportionment	13,734,139	-	-	13,734,139	-
Salaries and benefits	15,900,681	4,473	374,077	16,279,231	9,384
Due to other LEAs	296,248	-	-	296,248	-
Total	<u>\$ 42,248,867</u>	<u>\$ 2,386,015</u>	<u>\$ 4,960,421</u>	<u>\$ 49,595,303</u>	<u>\$ 164,620</u>

Note 8 - Unearned Revenue

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

	General Fund
Federal financial assistance	\$ 137,319
State categorical aid	412,275
Total	<u>\$ 549,594</u>

Colton Joint Unified School District

Notes to Financial Statements

June 30, 2025

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	\$ 257,436,945	\$ 5,985,677	\$ (9,075,000)	\$ 254,347,622	\$ 9,625,000
Unamortized debt premiums	12,529,125	-	(622,772)	11,906,353	-
Leases	3,861,016	121,935	(1,563,398)	2,419,553	1,634,222
Subscription-based IT arrangements	793,106	1,306,936	(1,184,483)	915,559	766,286
Financed purchase agreement	5,638,020	-	(298,973)	5,339,047	310,289
Supplemental early retirement plan	16,235,174	-	(11,753,499)	4,481,675	-
Claims liability	7,132,877	2,936,195	(1,520,273)	8,548,799	1,520,273
Compensated absences	32,092,709	-	(2,136,205)	29,956,504	4,290,882
Total	<u>\$ 335,718,972</u>	<u>\$ 10,350,743</u>	<u>\$ (28,154,603)</u>	<u>\$ 317,915,112</u>	<u>\$ 18,146,952</u>

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. Payments for the leases are made from the General Fund, the Cafeteria Fund and the Capital Facilities Fund. Payments for the financed purchase agreement, the subscription-based IT arrangements, and the supplemental early retirement plan are made from the General Fund. The claims liability will be paid by the Internal Service 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	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
7/14/2004	2/1/2029	2.00-5.89%	\$ 23,177,726	\$ 7,133,304	\$ -	\$ 479,902	\$ -	\$ 7,613,206
1/11/2006	2/1/2038	3.17-5.12%	50,122,151	4,709,898	-	384,886	-	5,094,784
8/31/2010	8/1/2046	5.00-12.00%	41,938,348	64,319,059	-	4,233,721	(475,000)	68,077,780
7/7/2011	8/1/2026	5.458-6.008%	11,900,000	4,750,000	-	-	-	4,750,000
2/25/2016	2/1/2036	2.00-5.00%	19,010,000	19,010,000	-	-	-	19,010,000
8/2/2016	8/1/2044	2.00-4.00%	24,645,000	21,355,000	-	-	(435,000)	20,920,000
8/2/2016	8/1/2046	2.00-5.00%	51,540,000	43,250,000	-	-	(2,260,000)	40,990,000
10/14/2020	8/1/2046	0.50-4.00%	14,997,444	14,218,860	-	72,282	-	14,291,142
10/14/2020	8/1/2035	0.437-2.371%	44,550,000	40,350,000	-	-	(5,905,000)	34,445,000
2/8/2024	8/1/2049	3.36-5.00%	38,340,824	38,340,824	-	814,886	-	39,155,710
				<u>\$ 257,436,945</u>	<u>\$ -</u>	<u>\$ 5,985,677</u>	<u>\$ (9,075,000)</u>	<u>\$ 254,347,622</u>

Colton Joint Unified School District

Notes to Financial Statements

June 30, 2025

Debt Service Requirements to Maturity

The bonds mature through 2050 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2026	\$ 9,583,392	\$ 41,608	\$ 5,451,032	\$ 15,076,032
2027	14,903,802	166,198	5,089,457	20,159,457
2028	13,543,086	441,914	4,683,241	18,668,241
2029	13,365,670	1,999,330	4,425,946	19,790,946
2030	7,458,389	461,611	4,176,925	12,096,925
2031-2035	54,018,721	4,961,279	16,164,794	75,144,794
2036-2040	50,878,401	37,655,133	9,073,556	97,607,090
2041-2045	33,049,528	57,997,994	8,090,875	99,138,397
2046-2050	57,546,633	43,388,367	4,989,675	105,924,675
Total	<u>\$ 254,347,622</u>	<u>\$ 147,113,434</u>	<u>\$ 62,145,501</u>	<u>\$ 463,606,557</u>

Leases

The District has entered into agreements to lease relocatable classrooms and equipment. As of June 30, 2025, the District recognized right-to-use leased assets totaling \$2,310,732 and lease liabilities totaling \$2,419,553 related to these agreements. The District is required to make principal and interest payments through June 2030 and the lease agreements have discount rates ranging from 4.0% to 5.0%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,634,222	\$ 87,872	\$ 1,722,094
2027	731,227	17,479	748,706
2028	25,151	2,228	27,379
2029	26,346	956	27,302
2030	2,607	48	2,655
Total	<u>\$ 2,419,553</u>	<u>\$ 108,583</u>	<u>\$ 2,528,136</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the use of instructional, data management, and student information software. At June 30, 2025, the District has recognized total right-to-use subscription IT assets of \$2,326,551 and total SBITA liabilities of \$915,559 related to these agreements. During the fiscal year, the District recorded \$1,460,695 in amortization expense. The District is required to make annual principal and interest payments through July 2027. The subscriptions have interest rates ranging from 4.0% to 5.0%.

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	\$ 766,286	\$ 45,777	\$ 812,063
2027	72,281	7,463	79,744
2028	76,992	3,852	80,844
Total	<u>\$ 915,559</u>	<u>\$ 57,092</u>	<u>\$ 972,651</u>

Financed Purchase Agreement

On December 6, 2018, the Colton Joint Unified School District Facilities Corporation, pursuant to a financed purchase agreement with the District, purchased a property for \$9,220,000. The agreement has a final maturity to occur on December 1, 2038, with an interest rate of 4.95% through February 28, 2021 and 3.75% thereafter. Under this agreement, the District's payments to the Corporation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 310,289	\$ 197,332	\$ 507,621
2027	322,034	185,587	507,621
2028	334,224	173,398	507,622
2029	346,875	160,747	507,622
2030	360,005	147,617	507,622
2031-2035	2,015,037	523,073	2,538,110
2036-2039	1,650,583	126,092	1,776,675
Total	<u>\$ 5,339,047</u>	<u>\$ 1,513,846</u>	<u>\$ 6,852,893</u>

Supplemental Early Retirement Plan (SERP)

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. Future payments for the SERP are as follows:

Year Ending June 30,	Payment
2026	\$ -
2027	4,481,675
Total	<u>\$ 4,481,675</u>

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2025, amounted to \$8,548,799, using a discount factor of 1.00%.

Note 10 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of \$7,615,000 as of June 30, 2025, does not represent debt of the District and, as such, does not appear in the financial statements.

Note 11 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 81,815,779	\$ 17,150,148	\$ 21,181,795	\$ 5,559,101
Medicare Premium Payment (MPP) Program	871,234	-	-	(102,977)
Total	<u>\$ 82,687,013</u>	<u>\$ 17,150,148</u>	<u>\$ 21,181,795</u>	<u>\$ 5,456,124</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	177
Active employees	<u>2,002</u>
Total	<u>2,179</u>

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.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Association of Colton Educators (ACE), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ACE, CSEA, and the unrepresented groups. For measurement period of June 30, 2024, the District paid \$3,695,183 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$81,815,779 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

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
Discount rate	3.97% for 2024
Healthcare cost trend rates	5.5% for 2024

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated employees and the CalPERS Experience Study (2000-2019) for classified employees.

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, 2021 to June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023 (Measurement Date)	<u>\$ 78,653,356</u>
Service cost	4,377,863
Interest	3,134,363
Changes of assumptions	(654,620)
Benefit payments	<u>(3,695,183)</u>
Net change in total OPEB liability	<u>3,162,423</u>
Balance, June 30, 2024 (Measurement Date)	<u><u>\$ 81,815,779</u></u>

Changes of assumptions reflect a change in the discount rate from 3.86% in 2023 to 3.97% in 2024 and a change in the healthcare cost trend rate from 6.00% in 2023 to 5.50% in 2024.

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (2.97%)	\$ 87,040,336
Current discount rate (3.97%)	81,815,779
1% increase (4.97%)	76,126,222

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (4.50%)	\$ 72,306,837
Current healthcare cost trend rate (5.50%)	81,815,779
1% increase (6.50%)	93,049,658

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$5,559,101. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amount paid by the District for OPEB as the benefits come due subsequent to measurement date	\$ 5,868,291	\$ -
Differences between expected and actual experience	9,607,202	7,235,474
Changes of assumptions	1,674,655	13,946,321
Total	<u>\$ 17,150,148</u>	<u>\$ 21,181,795</u>

The deferred outflows of resources for amount paid by the District for OPEB as the benefits come due subsequent to measurement date will be recognized as reduction of the total 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	\$ (1,931,447)
2027	(1,968,688)
2028	(1,968,688)
2029	(1,968,688)
2030	(1,176,547)
Thereafter	(885,880)
Total	<u>\$ (9,899,938)</u>

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 \$871,234 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 0.3269%, and 0.3211%, resulting in a net increase in the proportionate share of 0.0058%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(102,977).

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%)	\$ 940,038
Current discount rate (3.93%)	871,234
1% increase (4.93%)	810,730

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)	\$ 807,104
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	871,234
1% increase (6.00% Part A and 7.50% Part B)	942,830

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable				
Revolving cash	\$ 75,000	\$ -	\$ 25,000	\$ 100,000
Stores inventories	463,039	-	63,892	526,931
Prepaid expenditures	103,200	-	-	103,200
Total nonspendable	641,239	-	88,892	730,131
Restricted				
Legally restricted programs	65,971,354	-	14,594,883	80,566,237
Food service	-	-	37,590,871	37,590,871
Capital projects	-	42,339,672	21,653,030	63,992,702
Total restricted	65,971,354	42,339,672	73,838,784	182,149,810
Committed				
Vehicle replacements	6,576,661	-	-	6,576,661
Mental health services	5,000,000	-	-	5,000,000
Safety resource officers	8,000,000	-	-	8,000,000
Security cameras	15,000,000	-	-	15,000,000
Field replacements	9,100,000	-	-	9,100,000
Unrestricted lottery carryover	2,349,424	-	-	2,349,424
Classified professional growth	500,000	-	-	500,000
Job review	600,000	-	-	600,000
Certificated salaries	3,500,000	-	-	3,500,000
Total committed	50,626,085	-	-	50,626,085
Assigned				
Reserve for deficit spending	28,860,471	-	-	28,860,471
Deferred maintenance	69	-	-	69
Capital projects	-	-	23,424,772	23,424,772
Total assigned	28,860,540	-	23,424,772	52,285,312
Unassigned				
Reserve for economic uncertainties	12,430,049	-	-	12,430,049
Total	\$ 158,529,267	\$ 42,339,672	\$ 97,352,448	\$ 298,221,387

Note 13 - Risk Management**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 the Alliance of Schools for Cooperative Insurance Programs (ASCIP) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

Since 1978, the District has self-insured itself for workers' compensation coverage, retaining risk of loss. Excess workers' compensation coverage is purchased through an insurance product that provides the required additional coverage. The District obtains excess coverage through California Schools Risk Management (CSRM).

Employee Medical Benefits

The District has contracted with Southern California Employee Benefit Association (SCEBA) and California's Valued Trust (CVT) to provide employee medical benefits. The District provides benefits to District employees electing to participate in the plan by paying a premium based on the number of employees participating in the plan.

Claims Liability

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liability

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2023 to June 30, 2025:

	Workers' Compensation
Liability Balance, July 1, 2023	\$ 5,220,677
Claims and changes in estimates	3,185,167
Claims payments	(1,272,967)
Liability Balance, July 1, 2024	7,132,877
Claims and changes in estimates	2,936,195
Claims payments	(1,520,273)
Liability Balance, June 30, 2025	\$ 8,548,799
Assets available to pay claims at June 30, 2025	\$ 18,630,582

Note 14 - 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	\$ 150,484,555	\$ 54,459,947	\$ 23,300,459	\$ 13,596,253
CalPERS	109,125,372	33,341,765	1,992,676	19,165,122
Total	<u>\$ 259,609,927</u>	<u>\$ 87,801,712</u>	<u>\$ 25,293,135</u>	<u>\$ 32,761,375</u>

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	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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 \$27,179,524.

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	\$ 150,484,555
State's proportionate share of the net pension liability	69,042,831
Total	<u>\$ 219,527,386</u>

Colton Joint Unified School District

Notes to Financial Statements

June 30, 2025

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 0.2241% and 0.2171%, resulting in a net increase in the proportionate share of 0.0070%.

For the year ended June 30, 2025, the District recognized pension expense of \$13,596,253. In addition, the District recognized pension expense and revenue of \$6,285,542 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	\$ 27,179,524	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,599,950	5,835,084
Differences between projected and actual earnings on pension plan investments	-	607,199
Differences between expected and actual experience in the measurement of the total pension liability	17,021,740	6,580,603
Changes of assumptions	658,733	10,277,573
Total	<u>\$ 54,459,947</u>	<u>\$ 23,300,459</u>

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	\$ (10,088,056)
2027	12,149,770
2028	(991,274)
2029	(1,677,639)
Total	<u>\$ (607,199)</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (470,365)
2027	215,209
2028	242,037
2029	1,406,213
2030	3,287,511
Thereafter	(93,442)
Total	<u>\$ 4,587,163</u>

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%)	\$ 267,662,781
Current discount rate (7.10%)	150,484,555
1% increase (8.10%)	52,635,873

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)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	27.050%	27.050%

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 \$16,716,309.

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 \$109,125,372. 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 0.3053% and 0.3103%, resulting in a net decrease in the proportionate share of 0.0050%.

For the year ended June 30, 2025, the District recognized pension expense of \$19,165,122. 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	\$ 16,716,309	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	825,960	1,211,669
Differences between projected and actual earnings on pension plan investments	4,238,890	-
Differences between expected and actual experience in the measurement of the total pension liability	9,148,567	781,007
Changes of assumptions	2,412,039	-
Total	<u>\$ 33,341,765</u>	<u>\$ 1,992,676</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (36,542)
2027	6,590,511
2028	(973,830)
2029	<u>(1,341,249)</u>
Total	<u>\$ 4,238,890</u>

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 change in 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 5,263,938
2027	3,405,318
2028	<u>1,724,634</u>
Total	<u>\$ 10,393,890</u>

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 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 162,106,652
Current discount rate (6.90%)	109,125,372
1% increase (7.90%)	65,358,619

Alternative Retirement Program

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use social security for employees who work more than four hours per day and the Accumulation Program for Part-Time and Limited-Service Employees (the APPLE program) for employees who work less than four hours per day. The District's required and actual contributions to the APPLE program amounted to \$99,642 during the year ended June 30, 2025.

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 \$13,941,217 (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 15 - 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
Grand Terrace HS Pool Repair (23-05)	\$ 553,363	July 2025
Joe Baca MS Turf & Lighting - ARPA (22-07)	208,565	September 2025
Bloomington HS Field Lighting - ARPA (22-08A)	702,013	September 2025
Grimes ES Classroom Addition (22-26)	537,300	September 2025
Grand Terrace HS Theater Ceiling Repair (24-15)	378,722	September 2025
Bloomington HS Field Improvement (22-08B)	1,528,920	October 2025
Rogers ES Shade Shelter (24-06)	350,928	October 2025
Colton HS SDC Building Addition (24-08)	980,941	October 2025
900 Washington Roofing (24-01)	1,328,500	December 2025
Wilson ES Classroom / Parking (21-12) & Exterior Windows (22-23)	9,210,000	August 2026
Terrace Hills MS Pavilion (24-04) & Think Together Bldg Addition (24-09)	22,823,373	December 2026
CalShape AB841 HVAC Optimization (24-16)	5,477,000	December 2026
Grand Terrace ES New Modular & Site Work (21-13B)	7,568,720	March 2027
Total	<u>\$ 51,648,345</u>	

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP), California Schools Risk Management (CSRМ), Southern California Schools Employee Benefits Association (SCSEBA), and California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to ASCIP for property and liability coverage. The District pays an annual premium to CSRМ for excess workers' compensation. Payments for health benefit coverage are paid to SCSEBA and CVT. The relationship between the District and the pools is 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 available from the respective entities.

During the year ended June 30, 2025, the District made payments of \$2,443,184 to ASCIP, \$178,118 to CSRМ, \$43,455,032 to SCSEBA, and \$2,640,861 to CVT for property and liability coverage, excess workers' compensation insurance, and health benefits coverage.

Note 17 - 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 \$5,335,815 and \$23,172,970, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

Governmental Activities

Net Position - Beginning, as previously reported on June 30, 2024	\$ 164,692,228
Change in accounting principle	<u>(28,508,785)</u>
Net Position - Beginning as restated on July 1, 2024	<u><u>\$ 136,183,443</u></u>

Required Supplementary Information
June 30, 2025

Colton Joint Unified School District

Colton Joint Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 281,947,704	\$ 282,567,757	\$ 282,678,296	\$ 110,539
Federal sources	16,208,723	20,697,993	19,482,361	(1,215,632)
Other State sources	52,020,572	56,135,717	54,455,424	(1,680,293)
Other local sources	17,631,012	24,147,470	29,237,784	5,090,314
Total revenues ¹	367,808,011	383,548,937	385,853,865	2,304,928
Expenditures				
Current				
Certificated salaries	146,864,955	147,399,782	146,286,352	1,113,430
Classified salaries	62,373,457	59,963,566	59,944,326	19,240
Employee benefits	113,609,790	112,882,879	113,031,004	(148,125)
Books and supplies	27,495,916	12,648,732	14,188,365	(1,539,633)
Services and operating expenditures	56,604,188	62,286,098	59,252,258	3,033,840
Other outgo	2,773,766	2,766,796	2,717,512	49,284
Capital outlay	4,103,944	5,692,385	10,762,972	(5,070,587)
Debt service				
Debt service - principal	280,852	286,307	2,396,614	(2,110,307)
Debt service - interest and other	226,770	246,178	337,809	(91,631)
Total expenditures ¹	414,333,638	404,172,723	408,917,212	(4,744,489)
Deficiency of Revenues Over Expenditures	(46,525,627)	(20,623,786)	(23,063,347)	(2,439,561)
Other Financing Sources (Uses)				
Other sources - leases	-	-	121,935	121,935
Other sources - SBITAs	-	-	1,306,936	1,306,936
Transfers out	(5,904,392)	(6,874,378)	(5,425,354)	1,449,024
Net Financing Uses	(5,904,392)	(6,874,378)	(3,996,483)	2,877,895
Net Change in Fund Balances	(52,430,019)	(27,498,164)	(27,059,830)	438,334
Fund Balance - Beginning	185,589,097	185,589,097	185,589,097	-
Fund Balance - Ending	\$ 133,159,078	\$ 158,090,933	\$ 158,529,267	\$ 438,334

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, are not included in the original and final General Fund budgets.

Colton Joint Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 4,377,863	\$ 4,564,394	\$ 5,380,177	\$ 5,410,531
Interest	3,134,363	2,753,461	1,563,347	1,816,623
Difference between expected and actual experience	-	5,400,078	-	8,558,384
Changes of assumptions	(654,620)	(2,386,765)	(9,167,514)	(4,896,004)
Benefit payments	(3,695,183)	(3,434,797)	(4,106,800)	(3,059,696)
Net change in total OPEB liability	3,162,423	6,896,371	(6,330,790)	7,829,838
Total OPEB Liability - Beginning	78,653,356	71,756,985	78,087,775	70,257,937
Total OPEB Liability - Ending	<u>\$ 81,815,779</u>	<u>\$ 78,653,356</u>	<u>\$ 71,756,985</u>	<u>\$ 78,087,775</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total 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
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 4,262,009	\$ 4,470,257	\$ 4,668,624	\$ 4,888,948
Interest	2,085,364	2,507,730	2,480,296	2,080,731
Difference between expected and actual experience	-	(16,673,048)	-	-
Changes of assumptions	3,125,974	(4,318,694)	906,151	(2,641,755)
Benefit payments	(3,132,772)	(3,475,735)	(2,444,552)	(2,563,737)
Net change in total OPEB liability	6,340,575	(17,489,490)	5,610,519	1,764,187
Total OPEB Liability - Beginning	63,917,362	81,406,852	75,796,333	74,032,146
Total OPEB Liability - Ending	<u>\$ 70,257,937</u>	<u>\$ 63,917,362</u>	<u>\$ 81,406,852</u>	<u>\$ 75,796,333</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total 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 OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Colton Joint Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.3269%	0.3211%	0.3088%	0.3217%
Proportionate share of the net OPEB liability	\$ 871,234	\$ 974,211	\$ 1,017,113	\$ 1,283,320
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	0.3198%	0.3724%	0.3796%	0.3885%
Proportionate share of the net OPEB liability	\$ 1,558,182	\$ 1,211,481	\$ 1,272,915	\$ 1,436,838
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.

Colton Joint 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	0.2241%	0.2171%	0.2057%	0.2140%	0.2110%
Proportionate share of the net pension liability	\$ 150,484,555	\$ 165,314,540	\$ 142,957,317	\$ 97,407,408	\$ 172,845,053
State's proportionate share of the net pension liability	69,042,831	79,206,845	71,592,466	49,011,630	105,415,274
Total	<u>\$ 219,527,386</u>	<u>\$ 244,521,385</u>	<u>\$ 214,549,783</u>	<u>\$ 146,419,038</u>	<u>\$ 278,260,327</u>
Covered payroll	<u>\$ 143,884,707</u>	<u>\$ 128,289,325</u>	<u>\$ 118,195,284</u>	<u>\$ 115,817,313</u>	<u>\$ 116,124,965</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	104.59%	128.86%	120.95%	84.10%	148.84%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	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	0.2105%	0.2115%	0.2146%	0.2137%	0.2250%
Proportionate share of the net pension liability	\$ 190,102,590	\$ 194,360,212	\$ 198,446,468	\$ 172,845,053	\$ 151,324,885
State's proportionate share of the net pension liability	103,713,654	111,280,312	117,399,254	98,397,605	80,034,183
Total	<u>\$ 293,816,244</u>	<u>\$ 305,640,524</u>	<u>\$ 315,845,722</u>	<u>\$ 271,242,658</u>	<u>\$ 231,359,068</u>
Covered payroll	<u>\$ 113,990,633</u>	<u>\$ 113,178,184</u>	<u>\$ 112,876,176</u>	<u>\$ 110,064,520</u>	<u>100,405,991</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	166.77%	171.73%	175.81%	157.04%	150.71%
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

Colton Joint 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	0.3053%	0.3103%	0.3047%	0.3083%	0.3016%
Proportionate share of the net pension liability	\$ 109,125,372	\$ 112,315,041	\$ 104,833,639	\$ 62,694,328	\$ 92,548,027
Covered payroll	\$ 60,608,733	\$ 53,899,421	\$ 47,522,414	\$ 44,345,836	\$ 43,608,336
Proportionate share of the net pension liability as a percentage of its covered payroll	180.05%	208.38%	220.60%	141.38%	212.23%
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	0.2993%	0.3028%	0.3058%	0.3145%	0.3033%
Proportionate share of the net pension liability	\$ 87,237,702	\$ 80,730,160	\$ 73,003,592	\$ 62,106,696	\$ 44,709,448
Covered payroll	\$ 41,572,533	\$ 40,055,772	\$ 38,965,783	\$ 37,711,058	\$ 33,520,228
Proportionate share of the net pension liability as a percentage of its covered payroll	209.84%	201.54%	187.35%	164.69%	133.38%
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

Colton Joint Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 27,179,524	\$ 24,481,979	\$ 24,503,261	\$ 19,998,642	\$ 18,704,496
Less contributions in relation to the contractually required contribution	<u>27,179,524</u>	<u>24,481,979</u>	<u>24,503,261</u>	<u>19,998,642</u>	<u>18,704,496</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 142,301,173</u>	<u>\$ 143,884,707</u>	<u>\$ 128,289,325</u>	<u>\$ 118,195,284</u>	<u>\$ 115,817,313</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 19,857,369	\$ 18,557,675	\$ 16,331,612	\$ 14,199,823	\$ 11,809,923
Less contributions in relation to the contractually required contribution	<u>19,857,369</u>	<u>18,557,675</u>	<u>16,331,612</u>	<u>14,199,823</u>	<u>11,809,923</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 116,124,965</u>	<u>\$ 113,990,633</u>	<u>\$ 113,178,184</u>	<u>\$ 112,876,176</u>	<u>\$ 110,064,520</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

Colton Joint Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 16,716,309	\$ 16,170,410	\$ 13,674,283	\$ 10,887,385	\$ 9,179,588
Less contributions in relation to the contractually required contribution	<u>16,716,309</u>	<u>16,170,410</u>	<u>13,674,283</u>	<u>10,887,385</u>	<u>9,179,588</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 61,797,815</u>	<u>\$ 60,608,733</u>	<u>\$ 53,899,421</u>	<u>\$ 47,522,414</u>	<u>\$ 44,345,836</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,600,000	\$ 7,508,831	\$ 6,221,062	\$ 5,411,568	\$ 4,467,629
Less contributions in relation to the contractually required contribution	<u>8,600,000</u>	<u>7,508,831</u>	<u>6,221,062</u>	<u>5,411,568</u>	<u>4,467,629</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 43,608,336</u>	<u>\$ 41,572,533</u>	<u>\$ 40,055,772</u>	<u>\$ 38,965,783</u>	<u>\$ 37,711,058</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

At June 30, 2025, the District major fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	<u>\$ 411,047,101</u>	<u>\$ 414,342,566</u>	<u>\$ 3,295,465</u>

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total 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 benefit terms since the previous valuation.
- *Changes of Assumptions* – Changes of assumptions reflect a change in the discount rate from 3.86% in 2023 to 3.97% in 2024 and a change in the healthcare cost trend rate from 6.00% in 2023 to 5.50% in 2024.

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 plan 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

Colton Joint Unified School District

Colton Joint Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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			
School Safety National Activities	84.184H	[1]	\$ 114,718
Passed through California Department of Education			
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency			
Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,330,373
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	379,523
COVID-19 ESSER III State Reserve Learning Loss	84.425U	15621	699,976
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	<u>126,279</u>
Subtotal			<u>2,536,151</u>
Adult Secondary Education	84.002	13978	50,834
Adult Basic Education & English Language Acquisition	84.002A	14508	<u>51,371</u>
Subtotal			<u>102,205</u>
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	7,300,068
School Improvement Funding for LEAs	84.010	15438	<u>313,185</u>
Subtotal			<u>7,613,253</u>
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	144,978
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	740,169
Title III, English Learner Student Program	84.365	14346	465,827
Title III, Immigrant Education Program	84.365	15146	<u>11,953</u>
Subtotal			<u>477,780</u>
Title II, Part A, Supporting Effective Instruction	84.367	14341	953,096
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	813,683
Passed through East Valley Special Education Local Plan Area			
Special Education Cluster (IDEA)			
Local Assistance, Part B, Sec 611, Private School			
Individual Service Plans	84.027	10115	41,210
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,436,631
Quality Assurance & Focused Monitoring	84.027A	13693	15,554
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>222,305</u>
Subtotal			<u>4,715,700</u>
Preschool Grants, Part B, Sec 619	84.173	13430	94,475
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>1,009</u>
Subtotal			<u>95,484</u>
Subtotal Special Education Cluster (IDEA)			<u>4,811,184</u>
Total U.S. Department of Education			<u>18,307,217</u>

[1] Direct funded program

Colton Joint Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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 California Department of Education			
Child Nutrition Cluster			
School Breakfast Basic	10.553	13525	\$ 5,559
School Breakfast Needy	10.553	13526	<u>2,547,839</u>
Subtotal			<u>2,553,398</u>
School Lunch - Section 4	10.555	13523	1,177,193
Commodities	10.555	13524	1,141,304
School Lunch - Section 11	10.555	13524	<u>8,698,942</u>
Subtotal			<u>11,017,439</u>
Subtotal Child Nutrition Cluster			<u>13,570,837</u>
Passed through California Department of Social Services			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	2,050,979
Cash in Lieu of Commodities	10.558	13534	<u>137,982</u>
Subtotal			<u>2,188,961</u>
Total U.S. Department of Agriculture			<u>15,759,798</u>
U.S. Department of the Treasury			
Passed through San Bernardino County			
Coronavirus State and Local Fiscal Recovery Funds	21.027	[2]	<u>2,487,498</u>
Total U.S. Department of the Treasury			<u>2,487,498</u>
U.S. Department of Defense			
Reserve Officer Training Corps	12.357	[1]	<u>180,120</u>
Total U.S. Department of Defense			<u>180,120</u>
U.S. Department of Health and Human Services			
Passed through California Department of Education			
Head Start Cluster			
Head Start	93.600	10016	<u>1,762,509</u>
Subtotal Head Start Cluster			<u>1,762,509</u>
Total U.S. Department of Health and Human Services			<u>1,762,509</u>
Total Federal Financial Assistance			<u>\$ 38,497,142</u>

[1] Direct funded program

[2] Pass-through entity identifying number not available

Colton Joint Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2025

	Final Report	
	Second Period Report 95D4063D	Annual Report 49FDDECf
Regular ADA		
Transitional kindergarten through third	5,124.58	5,124.03
Fourth through sixth	4,056.56	4,050.24
Seventh and eighth	2,812.42	2,806.48
Ninth through twelfth	5,069.06	5,026.51
Total Regular ADA	17,062.62	17,007.26
Extended Year Special Education		
Transitional kindergarten through third	-	3.63
Fourth through sixth	-	0.80
Seventh and eighth	-	0.29
Ninth through twelfth	-	2.14
Total Extended Year Special Education	-	6.86
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.55	1.50
Fourth through sixth	1.67	2.82
Seventh and eighth	2.19	2.13
Ninth through twelfth	10.57	10.69
Total Special Education, Nonpublic, Nonsectarian Schools	15.98	17.14
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.65	0.65
Total ADA	17,079.25	17,031.91

Colton Joint Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

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	37,840	860	38,700	176	4	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		53,240	1,210	54,450	176	4	180	N/A	N/A	N/A	Complied
Grade 2		53,240	1,210	54,450	176	4	180	N/A	N/A	N/A	Complied
Grade 3		53,240	1,210	54,450	176	4	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		53,240	1,210	54,450	176	4	180	N/A	N/A	N/A	Complied
Grade 5		53,240	1,210	54,450	176	4	180	N/A	N/A	N/A	Complied
Grade 6		53,240	1,210	54,450	176	4	180	N/A	N/A	N/A	Complied
Grade 7		63,285	1,455	64,740	176	4	180	N/A	N/A	N/A	Complied
Grade 8		63,285	1,455	64,740	176	4	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,132	1,455	65,587	176	4	180	N/A	N/A	N/A	Complied
Grade 10		64,132	1,455	65,587	176	4	180	N/A	N/A	N/A	Complied
Grade 11		64,132	1,455	65,587	176	4	180	N/A	N/A	N/A	Complied
Grade 12		64,132	1,455	65,587	176	4	180	N/A	N/A	N/A	Complied

* The District received approval for a J-13A for four attendance days at all school sites, 860 minutes for kindergarten, 1,210 minutes for grades 1 to 6, and 1,455 minutes for grades 7 to 12.

Colton Joint Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

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

	<u>Building Fund</u>
Fund Balance	
Balance, June 30, 2025, Unaudited Actuals	\$ 58,009,850
Increase in	
Accounts payable	(670,178)
Decrease in	
Receivables	<u>(15,000,000)</u>
Balance, June 30, 2025, Audited Financial Statements	<u><u>\$ 42,339,672</u></u>

Colton Joint Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ¹	2023 ¹
General Fund ³				
Revenues	\$ 373,777,756	\$ 385,853,796	\$ 430,479,591	\$ 429,760,162
Other sources	-	1,428,871	1,471,032	822,582
Total revenues and other sources	<u>373,777,756</u>	<u>387,282,667</u>	<u>431,950,623</u>	<u>430,582,744</u>
Expenditures	418,752,001	408,908,723	398,501,032	357,876,003
Other uses and transfers out	<u>7,285,234</u>	<u>5,425,354</u>	<u>4,961,382</u>	<u>4,678,533</u>
Total expenditures and other uses	<u>426,037,235</u>	<u>414,334,077</u>	<u>403,462,414</u>	<u>362,554,536</u>
Increase/(Decrease) in Fund Balance	<u>(52,259,479)</u>	<u>(27,051,410)</u>	<u>28,488,209</u>	<u>68,028,208</u>
Ending Fund Balance	<u>\$ 106,269,719</u>	<u>\$ 158,529,198</u>	<u>\$ 185,580,608</u>	<u>\$ 157,092,399</u>
Available Reserves ²	<u>\$ 12,781,200</u>	<u>\$ 12,430,049</u>	<u>\$ 14,429,622</u>	<u>\$ 28,041,600</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.00%</u>	<u>3.58%</u>	<u>7.73%</u>
Long-Term Liabilities ⁴	<u>N/A</u>	<u>\$ 660,212,052</u>	<u>\$ 664,467,335</u>	<u>\$ 575,470,324</u>
K-12 Average Daily Attendance at P-2	<u>16,907</u>	<u>17,079</u>	<u>17,597</u>	<u>17,503</u>

The General Fund balance has increased by \$1,436,799 over the past two years. The fiscal year 2025- 2026 budget projects a decrease of \$52,259,479 (33.0%). 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 two of the past three years, but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by \$84,741,728 over the past two years.

Average daily attendance has decreased by 424 over the past two years. A decrease of 172 ADA is anticipated during fiscal year 2025-2026.

¹ Financial information for 2026, 2024, and 2023 are 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 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 17 for further information.

Colton Joint Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 773,907	\$ 196,879	\$ 615,263	\$ 10,751,822	\$ 10,471,425
Receivables	-	175,628	650,817	4,813,992	141,913
Due from other funds	-	-	25,354	42,210	276,329
Stores inventories	-	-	-	63,892	-
Total assets	\$ 773,907	\$ 372,507	\$ 1,291,434	\$ 15,671,916	\$ 10,889,667
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 87,467	\$ 274,287	\$ 826,653	\$ 126,355
Due to other funds	-	2	85,192	2,152,388	22,863
Total liabilities	-	87,469	359,479	2,979,041	149,218
Fund Balances					
Nonspendable	-	-	-	88,892	-
Restricted	773,907	285,038	931,955	12,603,983	10,740,449
Assigned	-	-	-	-	-
Total fund balances	773,907	285,038	931,955	12,692,875	10,740,449
Total liabilities and fund balances	\$ 773,907	\$ 372,507	\$ 1,291,434	\$ 15,671,916	\$ 10,889,667

Colton Joint Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 25,848,683	\$ 22,895,676	\$ 101	\$ 21,653,030	\$ 93,206,786
Receivables	296,992	2,760,408	-	-	8,839,750
Due from other funds	790,000	1,328,993	-	-	2,462,886
Stores inventories	-	-	-	-	63,892
Total assets	\$ 26,935,675	\$ 26,985,077	\$ 101	\$ 21,653,030	\$ 104,573,314
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 85,354	\$ 3,560,305	\$ -	\$ -	\$ 4,960,421
Due to other funds	-	-	-	-	2,260,445
Total liabilities	85,354	3,560,305	-	-	7,220,866
Fund Balances					
Nonspendable	-	-	-	-	88,892
Restricted	26,850,321	-	101	21,653,030	73,838,784
Assigned	-	23,424,772	-	-	23,424,772
Total fund balances	26,850,321	23,424,772	101	21,653,030	97,352,448
Total liabilities and fund balances	\$ 26,935,675	\$ 26,985,077	\$ 101	\$ 21,653,030	\$ 104,573,314

Colton Joint 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	Cafeteria Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 102,205	\$ 1,762,509	\$ 15,759,797	\$ -
Other State sources	-	1,072,746	2,901,519	3,386,727	-
Other local sources	1,512,542	14,195	139,611	518,761	1,556,796
Total revenues	1,512,542	1,189,146	4,803,639	19,665,285	1,556,796
Expenditures					
Current					
Instruction	-	374,668	3,458,730	-	-
Instruction-related activities					
Supervision of instruction	-	60,007	5,505	-	-
Instructional library, media, and technology	-	-	3,161	-	-
School site administration	-	250,538	765,190	-	-
Pupil services					
Food services	-	-	66,754	15,989,722	-
All other pupil services	-	473,910	260,785	-	-
Administration					
All other administration	-	404	179,858	482,439	98,009
Plant services	-	88,612	198,527	-	(164,369)
Ancillary services	1,543,570	-	-	-	-
Facility acquisition and construction	-	-	68,009	-	2,199,815
Debt service					
Principal	-	-	-	2,667	647,573
Interest and other	-	-	-	3,333	63,327
Total expenditures	1,543,570	1,248,139	5,006,519	16,478,161	2,844,355
Excess (Deficiency) of Revenues Over Expenditures	(31,028)	(58,993)	(202,880)	3,187,124	(1,287,559)
Other Financing Sources					
Transfers in	-	-	125,354	-	-
Net Change in Fund Balances	(31,028)	(58,993)	(77,526)	3,187,124	(1,287,559)
Fund Balance - Beginning	804,935	344,031	1,009,481	9,505,751	12,028,008
Fund Balance - Ending	\$ 773,907	\$ 285,038	\$ 931,955	\$ 12,692,875	\$ 10,740,449

Colton Joint Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2025

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ 2,487,498	\$ -	\$ 105,155	\$ 20,217,164
Other State sources	6,356,062	-	-	43,488	13,760,542
Other local sources	1,419,370	8,292,717	-	13,101,448	26,555,440
Total revenues	7,775,432	10,780,215	-	13,250,091	60,533,146
Expenditures					
Current					
Instruction	-	-	-	-	3,833,398
Instruction-related activities					
Supervision of instruction	-	-	-	-	65,512
Instructional library, media, and technology	-	-	-	-	3,161
School site administration	-	-	-	-	1,015,728
Pupil services					
Food services	-	-	-	-	16,056,476
All other pupil services	-	-	-	-	734,695
Administration					
All other administration	-	-	-	-	760,710
Plant services	-	136,419	-	-	259,189
Ancillary services	-	-	-	-	1,543,570
Facility acquisition and construction	4,044,015	9,688,279	-	-	16,000,118
Debt service					
Principal	-	-	-	9,075,000	9,725,240
Interest and other	-	-	-	5,581,485	5,648,145
Total expenditures	4,044,015	9,824,698	-	14,656,485	55,645,942
Excess (Deficiency) of Revenues Over Expenditures	3,731,417	955,517	-	(1,406,394)	4,887,204
Other Financing Sources					
Transfers in	-	-	-	-	125,354
Net Change in Fund Balances	3,731,417	955,517	-	(1,406,394)	5,012,558
Fund Balance - Beginning	23,118,904	22,469,255	101	23,059,424	92,339,890
Fund Balance - Ending	\$ 26,850,321	\$ 23,424,772	\$ 101	\$ 21,653,030	\$ 97,352,448

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 Colton Joint 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 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 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 food commodities remains in 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. The District has met its target funding. 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

Colton Joint Unified School District

ORGANIZATION

The Colton Joint Unified School District (the District) was established in 1966 and consists of an area comprising approximately 119 acres. The District operates eighteen elementary schools, four middle schools, three high schools, a continuation high school, an adult education school, a school for alternative education, and child development centers. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Dan Flores	President	2026
Ms. Bertha Flores	Vice President	2028
Mr. Israel Fuentes	Clerk	2026
Ms. Patt Haro	Member	2028
Mr. Frank A. Ibarra	Member	2028
Ms. Berenice Sandoval	Member	2026
Ms. Joanne E. Thoring-Ojeda	Member	2026

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Dr. Frank Miranda, Ed.D	Superintendent
Mr. Gregory Fromm	Assistant Superintendent, Business Services Division
Mr. Brandon Dade	Assistant Superintendent, Human Resources Division
Dr. Tina Petersen, Ed.D	Assistant Superintendent, Educational Services Division

Independent Auditor's Reports
June 30, 2025

Colton Joint 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
Colton Joint Unified School District
Colton, 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, each major fund, and the aggregate remaining fund information of Colton Joint 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 December 10, 2025.

Adoption of New Accounting Standard

As discussed in Note 17 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.

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.

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weakness and significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Colton Joint Unified School 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.

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.



Rancho Cucamonga, California
December 10, 2025



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
Colton Joint Unified School District
Colton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Colton Joint 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.

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 major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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.

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

Responsibilities of Management for Compliance

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

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.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 10, 2025



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

To the Governing Board
Colton Joint Unified School District
Colton, California

Report on Compliance

Opinion on State Compliance

We have audited Colton Joint Unified School District's (the District) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to 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.

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	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	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	No, see below
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	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

We did not perform testing for Independent Study or Independent Study-Course Based because average daily attendance reported did not exceed thresholds required for testing and because the Independent Study-Course Based program was tested during the preceding two fiscal years.

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003. Our opinion on state compliance is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be 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 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. 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 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 response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 10, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Colton Joint Unified School District

Colton Joint Unified School District

Summary of Auditor's Results

Year Ended June 30, 2025

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	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A
Family Day Care Sponsor Admin	10.558
Cash in Lieu of Commodities	10.558
Head Start Cluster	93.600
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs	\$1,154,914
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters to be reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

The following findings represent a material weakness and a significant deficiency 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 – Current Period Misstatements and 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 material misstatements of balances within the District's 2024-2025 unaudited actuals financial report. The cause of these material misstatements is detailed below:

- o Building Fund
 - Overstatement of receivables of \$15,000,000
 - Understatement of accounts payable of \$670,173
- o Special Reserve Non-Major Governmental Fund for Capital Outlay Projects
 - Understatement of federal revenue of \$2,487,498
 - Overstatement of local revenue of \$2,487,498

Context

The condition was identified through review of available District records related to financial account balances in the Building Fund.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the District's financial information.

Effect

The effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. The net effect of these errors resulted in a \$15,670,178 overstatement of the Building Fund, as reported on the 2024-2025 unaudited financial statements.

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**Building Fund-Overstatement of receivables of \$15,000,000**

To prevent recurrence of the mistaken posting of an accrual, the District will strengthen internal controls surrounding year-end receivable entries and system actions. Targeted training will be provided to the Facilities Fiscal Analyst on the system's functions, with a specific emphasis on the distinction between "Close" (which posts an entry to the general ledger) and "Void" (which cancels it). A quick-reference guide will be created to clearly outline common system actions and their financial impacts. In addition, written procedures for year-end accruals, estimated receivables, and entry reversals will be revised to include clear instructions for closing versus voiding entries, required approval steps, and documentation expectations. These updated procedures will be incorporated into the Fiscal Services internal control manual to ensure consistent application and proper oversight of all receivable entries.

Building Fund-Understatement of accounts payable of \$670,173

To prevent future misstatements of expenditures across fiscal years, the District will strengthen its year-end accrual process for construction and capital project payments. Prior to June 30 each year, the Fiscal Analyst will generate a complete list of all open encumbrances in the Building Fund and use it as a checklist to identify potential year-end payables. Facilities staff will contact vendors for estimated billing through June 30, and facilities project managers will confirm project status and anticipated charges. If vendors do not respond by July 15, project managers will provide an estimated payable by July 30, and these estimates will be used to properly record year-end accounts payable. All estimated payables will be compiled by the Fiscal Analyst and reviewed and approved by both the Director of Facilities and the Director of Fiscal Services, with supporting documentation required for significant estimates. The District will revise its written year-end closing procedures to include detailed steps for generating the encumbrance list,

vendor communication, facilities project manager responsibilities, required documentation, and approval timelines. Staff involved in the year-end close will also receive annual training on these procedures. After year-end, Fiscal Services will compare estimated payables to actual invoices and analyze any variances to improve the accuracy of future accruals. These actions will ensure that expenditures are recorded in the correct fiscal year and that all obligations are appropriately captured.

Special Reserve Non-Major Governmental Fund for Capital Outlay Projects

To ensure revenue is classified accurately going forward, the District will strengthen its internal controls over revenue coding. The Fiscal Analyst will verify the funding source for all revenue—federal, state, or local—before selecting an object code, using supporting documentation such as award letters, grant agreements, contract language, or program guidance. A Revenue Coding Verification Checklist will be developed and used prior to posting any revenue to confirm the correct funding source, resource code, object code, and any applicable restrictions. All federal and restricted revenue entries will receive a secondary review by a Fiscal Services Manager or the Director of Fiscal Services, and postings will not be finalized until this review is complete. In addition, Fiscal Services staff responsible for revenue posting will receive training on identifying funding sources, selecting appropriate object codes, avoiding common coding errors, and following required documentation standards. These measures will improve accuracy, strengthen oversight, and prevent future misclassification of revenues.

2025-002 30000 – Site and Department Discretionary Spending (Significant Deficiency)

Criteria

The following criteria and specific requirements were noted in relation to the condition identified below:

1. *Education Code* Section 44015 permits a school district's governing board to make awards to employees for specific achievements, including cost-saving proposals, special acts in the public interest, or exceptional contributions to district operations.
2. Internal district policies allow for food expenditures in relation to all-day meetings, but only if agendas and sign-in sheets are maintained to demonstrate that the meetings were held for school business purposes.
3. Internal district policies require the use of purchase orders when vendors accept them.

Condition

During our review of selected expenditures, we noted the following exceptions:

1. The District employees purchased various goods that were classified as employee awards. However, these purchases were not supported by documentation indicating specific achievements or exceptional contributions that were made by employees who received these goods.

2. The District funds were used to purchase food for various staff meetings; however, agendas and sign-in sheets were not available to demonstrate that these meetings were held for school business purposes. Additionally, food was purchased for certain meetings that were identified as “staff appreciation” meetings; these employee appreciation meals do not appear to qualify as “awards to employees” under *Education Code* Section 44015, as the District was unable to provide documentation supporting specific achievements or exceptional contributions that were made by employees who participated in the meetings.
3. Certain district credit card purchases were made without utilizing purchase orders, despite the vendors’ acceptance of purchase orders. This practice is not in accordance with the District’s internal policy requiring purchase orders when accepted by vendors.

Context

The condition was identified through inquiry with District personnel and review of available District records.

Cause

The District staff did not consistently follow established board and internal policies related to employee awards, meeting-related expenditures, and purchasing procedures.

Effect

Failure to comply with governing and internal policies increases the risk of unauthorized or inappropriate use of public funds.

Repeat Finding

No.

Recommendation

We recommend that the District:

1. Ensure all employee recognition expenditures align with the criteria outlined in *Education Code* 44015 and applicable board policies.
2. Require that all food expenditures for meetings be supported with an agenda and sign-in sheet as per internal guidelines.
3. Reinforce purchasing policies requiring the use of purchase orders when accepted by vendors, and review credit card use to ensure compliance.

Corrective Action Plan and Views of Responsible Officials

Food Purchases

The District has provided training to administrators on allowable and unallowable food expenditures. Meals may only be purchased for meetings exceeding four hours in length and must be supported by an agenda. Refreshments may be purchased for meetings less than four hours in length and must be supported by an agenda. Accounts Payable will require both an agenda and sign-in sheet before processing any food-related payment. Meals may not be purchased for staff incentives, appreciation events, or general staff gatherings. Any food purchase that does not meet allowable criteria will result in the employee or department being invoiced for reimbursement.

Staff Incentives (Object 5885)

Staff incentives must be tied to specific, documented achievements, not general appreciation. Sites must include a written justification in the requisition explaining the accomplishment being recognized. The Purchasing Director will review all requisitions coded to object 5885 to ensure compliance with recognition-only requirements. Unallowable incentive purchases will be invoiced to the site or department administrator.

Credit Card Controls

Credit cards may be used only for purchases from vendors that do not accept purchase orders. All credit card transactions must comply with allowable use rules for food and staff incentives. Any unallowable charge—including food for non-qualifying events or inappropriate incentive purchases—will be invoiced to the cardholder.

None reported.

The following finding represents a significant deficiency that is required to be reported by the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code

AB 3627 Finding Type

61000

Classroom Teacher Salaries

2025-003 61000 – Classroom Teacher Salaries (Significant Deficiency in Internal Control over Compliance, Noncompliance)

Criteria

California *Education Code* Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55 percent (for unified school districts) of total General Fund expenditures of the District.

Condition

Through review of the District's calculated percentage of expenditures incurred for teacher salaries and benefits, it was noted that the District spent 54.90 percent of current expenditures of education (\$345,978,071) on classroom teacher salaries and benefits, failing to meet the 55 percent requirement.

Cause

It is possible that the significant sources of new funding from state and federal sources contributed to the percentage requirement not being met. Many of these one-time funding sources were not eligible for exclusion from the calculation.

Effect

As a result of our testing, the District was not compliant with *Education Code* Section 41372 due to being deficient in the amount of \$349,862.

Questioned Costs

There are no question costs associated with this condition.

Repeat Finding

No.

Recommendation

We recommend the District evaluate its expenditures and develop a plan to ensure compliance with the above noted requirement. If the District is unable to meet the 55% requirement, we recommend the obtaining of an approved exemption from this requirement from the County Superintendent of Schools.

Corrective Action Plan and Views of Responsible Officials

To ensure ongoing compliance with the State's 55% Classroom Teacher Salary requirement, the District will strengthen its internal monitoring and mid-year oversight processes as outlined below.

Fiscal Services will conduct an internal reconciliation of the Classroom Teacher Salary Percentage during Budget Adoption, First Interim, and Second Interim. A supplemental worksheet will be developed to isolate allowable and non-allowable exclusions in alignment with CDE guidance and the California Audit Guide. As part of this process, staff will verify which resources and expenditures are already excluded by the SACS CEA formula to ensure the calculation is accurate and complete.

Incoming one-time state or federal funds will be evaluated early in the fiscal year to assess their potential impact on the Classroom Teacher Salary Percentage. If significant one-time revenues would negatively affect the calculation, Fiscal Services will prepare recommendations for Cabinet, which may include adjusting General Fund contributions, reviewing restricted-to-unrestricted contributions, or identifying additional qualifying instructional expenditures to maintain compliance.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.