Financial Statements
June 30, 2025

Coast Unified School District

Coast Unified School District
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Independent Auditor's Report

To the Governing Board
Coast Unified School District
Cambria, 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 Coast 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 Coast Unified School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

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

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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 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 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 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 November 14, 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.

Eide Bailly LLP

Rancho Cucamonga, California
November 14, 2025

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. 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 the activities of the governmental funds.

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

R*econciliation 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 Coast Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities – The District reports all of its services 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.

FINANCIAL HIGHLIGHTS

- The total net position decreased by $171,839 over the prior year for a new net position of $9,392,602.
- Revenues and other financing sources for all governmental funds totaled $21,829,585.
- Expenditures and other financing uses totaled $22,317,213.
- The General Fund audited ending fund balance totaled $6,023,406. This is a decrease of $1,326,358 from the prior year.
- The District filed a positive status with both its First and Second Interim reports in 2024-2025.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $9,392,602 for the fiscal year ended June 30, 2025. Of this amount, $(15,144,337) 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	
		2024*
Assets		
Current and other assets	$ 13,058,744	$ 12,564,443
Capital assets	23,932,903	24,189,304
Total assets	36,991,647	36,753,747
Deferred outflows of resources	3,679,675	3,855,096
Liabilities		
Current liabilities	2,234,265	1,216,581
Long-term liabilities	28,039,928	28,232,282
Total liabilities	30,274,193	29,448,863
Deferred inflows of resources	1,004,527	969,422
Net Position		
Net investment in capital assets	17,938,249	18,262,201
Restricted	6,598,690	5,919,948
Unrestricted deficit	(15,144,337)	(13,991,591)
Total net position	$ 9,392,602	$ 10,190,558

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

The $(15,144,337) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by $1,152,746, or 8.24% from the prior year.

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 14. Table 2 takes the information from the Statement, rounds off the numbers, 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	$ 442,306	$ 118,331
Operating grants and contributions	3,998,456	3,628,154
General revenues		
Federal and State aid not restricted	829,357	831,172
Property taxes	14,872,801	14,299,367
Other general revenues	976,607	1,205,892
Total revenues	21,119,527	20,082,916
Expenses		
Instruction-related	10,792,642	10,587,125
Pupil services	2,571,262	2,415,957
Administration	1,881,079	1,987,328
Plant services	2,104,526	2,169,712
All other services	3,941,857	2,085,710
Total expenses	21,291,366	19,245,832
Change in net position	$ (171,839)	$ 837,084

* 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 16 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $21,291,366. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $14,872,801 because the cost was paid by those who benefited from the programs ($442,306) or by other governments and organizations who subsidized certain programs with grants and contributions ($3,998,456). We paid for the remaining "public benefit" portion of our governmental activities with $829,357 in Federal and State funds, and with $976,607 in other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	$ 10,792,642	$ 10,587,125	$ (8,472,330)	$ (8,509,729)
Pupil services	2,571,262	2,415,957	(1,961,071)	(1,740,961)
Administration	1,881,079	1,987,328	(1,729,679)	(1,908,717)
Plant services	2,104,526	2,169,712	(2,078,463)	(2,147,650)
All other services	3,941,857	2,085,710	(2,609,061)	(1,192,290)
Total	$ 21,291,366	$ 19,245,832	$ (16,850,604)	$ (15,499,347)

* 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 16 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $10,784,784, which is a decrease of $487,628 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	$ 7,349,764	$ 19,407,268	$ 20,733,626	$ 6,023,406
Bond Interest and Redemption	3,649,735	1,407,025	1,094,000	3,962,760
Student Activity	224,563	251,749	301,630	174,682
Cafeteria	40,805	545,038	545,054	40,789
Capital Facilities	2,038	200,618	-	202,656
Special Reserve for Capital Outlay Projects	5,507	517,887	142,903	380,491
Total	$ 11,272,412	$ 22,329,585	$ 22,817,213	$ 10,784,784

The primary reasons for these changes are:

1. The General Fund decreased by $1,326,358 due to District spend down of COVID-19 one-time funding in the prior year.
2. The Bond Interest and Redemption Fund increased by $313,025 as property values increased during the year making the tax base higher for collections.
3. The Special Reserve Fund for Capital Outlay Projects increased by $374,984 due to transfers from the General Fund for future capital projects.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 26, 2025. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 54).

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had $23,932,903 in a broad range of capital assets (net of depreciation and amortization), including land, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of $256,401, or 1.06%, from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land	$ 923,886	$ 923,886
Buildings and improvements	18,854,196	19,695,772
Furniture and equipment	4,060,689	3,492,003
Right-to-use leased assets	52,355	77,643
Right-to-use subscription IT assets	41,777	-
Total	$ 23,932,903	$ 24,189,304

We present more detailed information about our capital assets and right-to-use leased assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $28,039,928 in long-term liabilities outstanding versus $28,232,282 last year, a decrease of $192,354 or 0.68%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	$ 13,671,652	$ 13,875,929
Unamortized premiums	121,444	129,880
Finance purchase agreement (private placement debt)	2,257,746	1,986,009
Leases	56,833	81,311
Subscription-based IT arrangements	21,229	-
Compensated absences	663,901	82,157
Net OPEB liability	30,696	35,784
Aggregate net pension liability	11,216,427	12,041,212
Total	$ 28,039,928	$ 28,232,282

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District's budget for the 2025-26 fiscal year, the Board of Trustees and Management continue to face financial challenges in the upcoming years. Although the fiscal position of the District is stable, the ongoing costs of significant compensation increases in recent years combined with reduced state and federal funding and increasing costs for Special Education proves that the District must be cautious moving forward. The District remains supported by property taxes. Estimated tax increases are 4.5% for 2024-25, 4.0% for 2025-26, and 4.0% for 2026-27. The Education Protection Act was estimated and included at $90,000 for 2024-25 and the two subsequent years. Revenues from Diablo Canyon is $61,649 for 2024-25 through 2025-26. Fiscal year 2020 -2021 was the first year that the District paid 100% of the Memorandum of Understanding with Cayucos Elementary School District and San Luis Coastal Unified School District. As we plan for future budget years, this is something that we will need to keep in mind as costs continue to exceed $1,000,000 and is projected to continue to increase in the out years. The District must make every effort to eliminate deficit spending in order to maintain an ending fund balance and reserve levels that are reasonable for a District in Basic Aid status. Because of this the District must be vigilant in monitoring and prioritizing expenditures moving forward.

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 Chief Business Official at Coast Unified School District, 1350 Main Street, Cambria, California.

	Governmental Activities
Assets	
Deposits and investments	$ 12,046,544
Receivables	964,441
Prepaid expense	6,918
Lease receivable	40,841
Capital assets not depreciated or amortized	923,886
Capital assets, net of accumulated depreciation and amortization	23,009,017
Total assets	36,991,647
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	3,679,675
Liabilities	
Accounts payable	1,896,408
Interest payable	1,146
Unearned revenue	336,711
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,425,340
Long-term liabilities other than OPEB and pensions due in more than one year	15,367,465
Net other postemployment benefits (OPEB) liability due in more than one year	30,696
Aggregate net pension liability	11,216,427
Total liabilities	30,274,193
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	963,686
Deferred inflows of resources related to leases	40,841
Total deferred inflows of resources	1,004,527
Net Position	
Net investment in capital assets	17,938,249
Restricted for	
Debt service	3,961,614
Capital projects	202,656
Educational programs	2,202,390
Other restrictions	232,030
Unrestricted	(15,144,337)
Total net position	$ 9,392,602

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 9,352,980	$ 105,173	$ 2,177,611	$ (7,070,196)
Instruction-related activities				
Supervision of instruction	46,523	-	-	(46,523)
Instructional library, media, and technology	316,229	-	-	(316,229)
School site administration	1,076,910	3,965	33,563	(1,039,382)
Pupil services				
Home-to-school transportation	1,094,178	5,576	11,578	(1,077,024)
Food services	617,185	795	506,181	(110,209)
All other pupil services	859,899	-	86,061	(773,838)
Administration				
Data processing	11,148	-	-	(11,148)
All other administration	1,869,931	31,633	119,767	(1,718,531)
Plant services	2,104,526	2,028	24,035	(2,078,463)
Ancillary services	409,135	-	251,749	(157,386)
Interest on long-term liabilities	997,152	-	-	(997,152)
Other outgo	2,535,570	293,136	787,911	(1,454,523)
Total governmental activities	$ 21,291,366	$ 442,306	$ 3,998,456	(16,850,604)
General Revenues and Subventions				
Property taxes, levied for general purposes				13,728,205
Property taxes, levied for debt service				1,144,596
Federal and State aid not restricted to specific purposes				829,357
Interest and investment earnings				438,409
Miscellaneous				538,198
Total general revenues and subventions				16,678,765
Change in Net Position				(171,839)
Net Position - Beginning, as previously reported				10,190,558
Adjustments (Note 16)				(626,117)
Net Position - Beginning, as restated				9,564,441
Net Position - Ending				$ 9,392,602

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 7,289,459	$ 3,962,760	$ 794,325	$ 12,046,544
Receivables	888,269	-	76,172	964,441
Due from other funds	45,387	-	-	45,387
Prepaid expenditures	6,918	-	-	6,918
Lease receivable	40,841	-	-	40,841
Total assets	$ 8,270,874	$ 3,962,760	$ 870,497	$ 13,104,131
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 1,872,846	$ -	$ 23,562	$ 1,896,408
Due to other funds	-	-	45,387	45,387
Unearned revenue	333,781	-	2,930	336,711
Total liabilities	2,206,627	-	71,879	2,278,506
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	40,841	-	-	40,841
Fund Balances				
Nonspendable	16,918	-	-	16,918
Restricted	2,202,390	3,962,760	434,686	6,599,836
Assigned	791,560	-	380,491	1,172,051
Unassigned	3,012,538	-	(16,559)	2,995,979
Total fund balances	6,023,406	3,962,760	798,618	10,784,784
Total liabilities, deferred inflows of resources, and fund balances	$ 8,270,874	$ 3,962,760	$ 870,497	$ 13,104,131

Total Fund Balance - Governmental Funds		$ 10,784,784
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	$ 51,719,983	
Accumulated depreciation and amortization is	(27,787,080)	
Net capital assets		23,932,903
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,146)
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 aggregate net pension liability.		3,679,675
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 aggregate net pension liability.		(963,686)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(11,216,427)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(30,696)
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	(3,537,402)	
Unamortized premium	(121,444)	
Leases	(56,833)	
Subscription-based IT arrangements	(21,229)	
Compensated absences	(663,901)	
Finance purchase agreement (private placement debt)	(2,257,746)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(10,134,250)	
Total long-term liabilities		(16,792,805)
Total net position - governmental activities		$ 9,392,602

Coast Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	$ 14,442,683	$ -	$ -	$ 14,442,683
Federal sources	353,780	-	376,554	730,334
Other State sources	2,357,131	3,288	165,847	2,526,266
Other local sources	1,813,343	1,403,737	472,891	3,689,971
Total revenues	18,966,937	1,407,025	1,015,292	21,389,254
Expenditures				
Current				
Instruction	9,480,898	-	-	9,480,898
Instruction-related activities				
Instructional library, media, and technology	299,412	-	-	299,412
School site administration	1,022,100	-	-	1,022,100
Pupil services				
Home-to-school transportation	1,474,199	-	-	1,474,199
Food services	62,477	-	525,508	587,985
All other pupil services	831,696	-	-	831,696
Administration				
Data processing	4,305	-	-	4,305
All other administration	1,782,609	-	19,546	1,802,155
Plant services	2,080,091	-	-	2,080,091
Ancillary services	107,505	-	301,630	409,135
Other outgo	2,535,570	-	-	2,535,570
Facility acquisition and construction	264,014	-	142,903	406,917
Debt service				
Principal	171,843	1,090,000	-	1,261,843
Interest and other	116,907	4,000	-	120,907
Total expenditures	20,233,626	1,094,000	989,587	22,317,213
Excess (Deficiency) of Revenues Over Expenditures	(1,266,689)	313,025	25,705	(927,959)
Other Financing Sources (Uses)				
Transfers in	-	-	500,000	500,000
Other sources - finance purchase agreement	419,102	-	-	419,102
Other sources - subscription based				
IT arrangements	21,229	-	-	21,229
Transfers out	(500,000)	-	-	(500,000)
Net Financing Sources (Uses)	(59,669)	-	500,000	440,331
Net Change in Fund Balances	(1,326,358)	313,025	525,705	(487,628)
Fund Balance - Beginning	7,349,764	3,649,735	272,913	11,272,412
Fund Balance - Ending	$ 6,023,406	$ 3,962,760	$ 798,618	$ 10,784,784

Total Net Change in Fund Balances - Governmental Funds		$ (487,628)
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 depreciation and amortization expense exceeds capital outlay in the period.		
Depreciation and amortization expense	$ (1,409,938)	
Capital outlay	1,153,537	
Net expense adjustment		(256,401)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(885,723)
Capital assets acquired this year were financed with finance purchase agreements. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the finance purchase agreements are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(419,102)
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.		(21,229)
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.		44,373
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.		577,462

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 net OPEB liability during the year.	$	5,088
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		8,436
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		1,090,000
Finance purchase agreement (private placement debt)		147,365
Leases		24,478
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.		1,042
Change in net position of governmental activities	$	(171,839)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Coast Unified School District (the District) was formed on July 1, 1996, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK - 12 as mandated by the State and/or Federal agencies. The District operates one elementary, one middle, one high school, and one continuation school.

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

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.

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 funds currently defined as a special revenue fund in the *California State Accounting Manual* (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, 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 $811,032.

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).

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.

- **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 Projects 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).

- **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).

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 draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

- **Governmental Funds** All governmental funds are accounted for using a 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.

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 requirements. 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.

Investments

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

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

Prepaid Expenditures (Expenses)

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

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. 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.

Depreciation of capital assets is computed and recorded by 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 4 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 is 3 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 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 long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position has been determined on the same basis as they are reported by the MPP. For this purpose, 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 net 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. The District currently does not have any committed funds.

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 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 seventeen 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 $6,598,690 of net position restricted by enabling legislation.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of the financial statements in accordance 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 Luis Obispo bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 12,046,544

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

Cash on hand and in banks	$ 175,682
Cash in revolving	10,000
Investments	11,860,862
Total deposits and investments	$ 12,046,544

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing primarily in the San Luis Obispo County Treasury Investment Pool to provide the cash flow and liquidity needed for operations and purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $11,860,862 with the San Luis Obispo County Treasury Investment Pool that has a weighted average maturity of 499 days.

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 Luis Obispo County Investment Pool is rated AAAf/S1 by Fitch Ratings.

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 was not exposed to custodial credit risk.

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	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	$ 129,475	$ 52,272	$ 181,747
State Government			
LCFF apportionment	42,370	-	42,370
Categorical aid	449,958	23,900	473,858
Lottery	34,768	-	34,768
Other local sources	231,698	-	231,698
Total	$ 888,269	$ 76,172	$ 964,441

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	$ 923,886	$ -	$ -	$ 923,886
Capital assets being depreciated and amortized				
Buildings and improvements	43,611,396	157,533	-	43,768,929
Furniture and equipment	5,920,796	948,425	-	6,869,221
Right-to-use leased furniture and equipment	129,333	-	(18,965)	110,368
Right-to-use subscription IT assets	-	47,579	-	47,579
Total capital assets being depreciated and amortized	49,661,525	1,153,537	(18,965)	50,796,097
Total capital assets	50,585,411	1,153,537	(18,965)	51,719,983
Accumulated depreciation and amortization				
Buildings and improvements	(23,915,624)	(999,109)	-	(24,914,733)
Furniture and equipment	(2,428,793)	(379,739)	-	(2,808,532)
Right-to-use leased furniture and equipment	(51,690)	(25,288)	18,965	(58,013)
Right-to-use subscription IT assets	-	(5,802)	-	(5,802)
Total accumulated depreciation and amortization	(26,396,107)	(1,409,938)	18,965	(27,787,080)
Net depreciable and amortizable capital assets	23,265,418	(256,401)	-	23,009,017
Governmental activities capital assets, net	$ 24,189,304	$ (256,401)	$ -	$ 23,932,903

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

Governmental Activities	
Instruction	$ 701,510
Supervision of instruction	46,523
Instructional library, media, and technology	110,671
School site administration	29,020
Home-to-school transportation	78,055
Food services	54,303
All other pupil services	85,968
Data processing	32,565
All other administration	118,630
Plant services	152,693
Total depreciation and amortization expense - governmental activities	$ 1,409,938

Note 5 - Lease Receivable

The District leases three classrooms at the District Office location. The lease is non-cancelable for a period of three years ending June 2026. The agreement allows for 5.0% annual increases to the lease payments. At termination, the lessee must restore the facilities to its conditions as of the effective date of the lease. During the year ended June 30, 2025, the District recognized $36,797 in lease revenue and $3,199 in interest revenue related to the agreement. At June 30, 2025, the District recorded $40,841 in lease receivable and deferred inflows of resources for the arrangement. The District used an interest rate of 5.25% based on the rates available to finance real estate over the same time periods.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

The balance of $45,387 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for reimbursement of costs.

Operating Transfers

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

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for capital projects.	$ 500,000

Note 7 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 1,046,691	$ 17,584	$ 1,064,275
Salaries and benefits	762,497	5,978	768,475
Due to CDE	63,658	-	63,658
Total	$ 1,872,846	$ 23,562	$ 1,896,408

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 4,023	$ 2,930	$ 6,953
State categorical aid	329,758	-	329,758
Total	$ 333,781	$ 2,930	$ 336,711

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	$ 13,875,929	$ 885,723	$ (1,090,000)	$ 13,671,652	$ 1,140,000
Unamortized premium	129,880	-	(8,436)	121,444	-
Finance purchase agreements (private placement debt)	1,986,009	419,102	(147,365)	2,257,746	162,527
Leases	81,311	-	(24,478)	56,833	20,581
Subscription-based IT arrangements	-	21,229	-	21,229	6,800
Compensated absences	708,274	-	(44,373)	663,901	95,432
Total	$ 16,781,403	$ 1,326,054	$ (1,314,652)	$ 16,792,805	$ 1,425,340

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

Payments on general obligation bonds are made in the Bond Interest and Redemption Fund. Payments on the finance purchase agreements, leases, and subscription-based IT arrangements are made in the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
2002	2028	2.00-9.25%	$ 8,981,051	$ 2,788,663	$ 215,433	$(1,040,000)	$ 1,964,096
2003	2042	2.00-8.25%	3,718,852	11,087,266	670,290	(50,000)	11,707,556
				$13,875,929	$ 885,723	$(1,090,000)	$ 13,671,652

Debt Service Requirements to Maturity

The capital appreciation bonds mature through 2042 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Total Accreted Obligation	Unaccreted Interest	Maturity Value
2026	$ 135,809	$ 895,878	$ 1,031,687	$ 53,313	$ 1,085,000
2027	288,111	694,688	982,799	79,026	1,061,825
2028	138,478	847,613	986,091	250,309	1,236,400
2029	313,532	755,985	1,069,517	225,483	1,295,000
2030	241,374	590,538	831,912	236,879	1,068,791
2031-2035	1,281,815	3,151,110	4,432,925	2,350,277	6,783,202
2036-2040	934,573	2,532,087	3,466,660	4,055,437	7,522,097
2041-2042	148,710	666,351	815,061	2,069,939	2,885,000
Total	$ 3,482,402	$ 10,134,250	$ 13,616,652	$ 9,320,663	$ 22,937,315

The current interest bonds mature through 2026 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2026	$ 55,000	$ 1,375	$ 56,375

Finance Purchase Agreement (Private Placement Debt)

Energy Efficiency Equipment

The District entered into an agreement to finance the purchase of energy efficiency equipment for eighteen years, beginning January 2020 with an interest rate of 4.25%. At June 30, 2025, the District made total payments of $179,678, which amounted to $97,130 in principal and $82,548 in interest costs. The District's outstanding finance purchase agreement of $1,888,879 contains a provision that in the event of default, the energy efficiency equipment is to be returned to the debtor.

School Buses

The District entered into an agreement to finance the purchase of school buses for seven years, beginning July 2024 with an interest rate of 5.80%. At June 30, 2025, the District made total payments of $74,543, which amounted to $50,235 in principal and $24,308 in interest costs. The District's outstanding finance purchase agreement of $368,867 contains a provision that in the event of default, the energy efficiency equipment is to be returned to the debtor.

The remaining principal and interest payment requirements for the finance purchase agreements as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 162,527	$ 99,621	$ 262,148
2027	183,047	91,557	274,604
2028	205,265	82,543	287,808
2029	229,299	72,505	301,804
2030	255,283	61,356	316,639
2031-2035	1,222,325	123,221	1,345,546
Total	$ 2,257,746	$ 530,803	$ 2,788,549

Leases

The District entered into various agreements to lease copiers for five years. At June 30, 2025, the District has recognized a right-to-use leased asset, net of accumulated amortization, of $52,355 and a lease liability of $56,833 related to these agreements. During the fiscal year, the District recorded $25,288 in amortization expense and $2,785 in interest expense. The District used a discount rate of 4.00% based on rates available to finance machinery or equipment over the same periods.

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 20,581	$ 1,893	$ 22,474
2027	18,764	1,106	19,870
2028	15,285	370	15,655
2029	2,203	22	2,225
Total	$ 56,833	$ 3,391	$ 60,224

Subscription-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITA for the use of school management software. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of $41,777 and a SBITA liability of $21,229 related to this agreement. During the fiscal year, the District recorded $5,802 in amortization expense. The subscription was valued using a discount rate of 4.00% based on the District's incremental borrowing rate at the inception of the subscription.

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	$ 6,800	$ 849	$ 7,649
2027	7,073	577	7,650
2028	7,356	295	7,651
Total	$ 21,229	$ 1,721	$ 22,950

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported net OPEB liability and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	OPEB Expense
Medicare Premium Payment (MPP) Program	$ 30,696	$ (5,088)

The details of the plan is as follows:

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 $30,696 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 0.0115% and 0.0118%, resulting in a net decrease in proportionate share of 0.0003%.

For the year ended June 30, 2025, the District recognized OPEB expense of $(5,088).

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 our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

Assumptions were made about future participation (enrollment) into the MPP Program 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%)	$ 33,120
Current discount rate (3.93%)	30,696
1% increase (4.93%)	28,564

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)	$ 28,436
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	30,696
1% increase (6.00% Part A and 7.50% Part B)	33,218

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 10,000	$ -	$ -	$ 10,000
Prepaid expenditures	6,918	-	-	6,918
Total nonspendable	16,918	-	-	16,918
Restricted				
Legally restricted programs	2,202,390	-	-	2,202,390
Food service	-	-	57,348	57,348
Capital projects	-	-	202,656	202,656
Debt services	-	3,962,760	-	3,962,760
Student activities	-	-	174,682	174,682
Total restricted	2,202,390	3,962,760	434,686	6,599,836
Assigned				
Capital projects	791,560	-	380,491	1,172,051
Unassigned				
Remaining unassigned	3,012,538	-	(16,559)	2,995,979
Total	$ 6,023,406	$ 3,962,760	$ 798,618	$ 10,784,784

Note 12 - Risk Management

Description

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in various public entity risk pools (JPAs) for its insurance coverage. Refer to Note 15 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Property and Liability

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

Workers' Compensation

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

Employee Medical Benefits

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

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 5,301,961	$ 1,793,535	$ 806,364	$ 394,772
CalPERS	5,914,466	1,886,140	157,322	1,042,841
Total	$ 11,216,427	$ 3,679,675	$ 963,686	$ 1,437,613

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were $1,039,897.

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	$ 5,301,961
State's proportionate share of the net pension liability	2,432,558
Total	$ 7,734,519

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 member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, was 0.0079% and 0.0080%, respectively, resulting in a net decrease in the proportionate share of 0.0001%.

For the year ended June 30, 2025, the District recognized pension expense of $394,772. In addition, the District recognized pension expense and revenue of $221,456 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	$ 1,039,897	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	130,709	191,013
Differences between projected and actual earnings on pension plan investments	-	21,393
Differences between expected and actual experience in the measurement of the total pension liability	599,720	231,852
Changes of assumptions	23,209	362,106
Total	$ 1,793,535	$ 806,364

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	$ (355,429)
2027	428,067
2028	(34,925)
2029	(59,106)
Total	$ (21,393)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (95,797)
2027	8,011
2028	(20,920)
2029	44,705
2030	62,875
Thereafter	(30,207)
Total	$ (31,333)

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%)	$ 9,430,454
Current discount rate (7.10%)	5,301,961
1% increase (8.10%)	1,854,498

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $975,178.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $5,914,466. 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, was 0.0165%, with no change in the proportionate share between the two periods.

For the year ended June 30, 2025, the District recognized pension expense of $1,042,841. 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	$ 975,178	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	54,647	114,992
Differences between projected and actual earnings on pension plan investments	229,743	-
Differences between expected and actual experience in the measurement of the total pension liability	495,842	42,330
Changes of assumptions	130,730	-
Total	$ 1,886,140	$ 157,322

The deferred outflow 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	$ (1,979)
2027	357,198
2028	(52,781)
2029	(72,695)
Total	$ 229,743

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 265,720
2027	141,014
2028	117,163
Total	$ 523,897

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 8,785,988
Current discount rate (6.90%)	5,914,466
1% increase (7.90%)	3,542,360

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS and CalPERS in the amount of $491,183 (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. On behalf payments have been included in the calculation of available reserves.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

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

Note 15 - Participation in Public Entity Risk Pools

The District is a member of the Schools Insurance Program for Employees (SIPE), the Self-Insured Schools of California Property and Liability Program (SISC II), and the Self-Insured Schools of California Health and Welfare Benefits Program (SISC III) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation, property and liability coverage, and health and welfare coverage. The relationships between the District and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2025, the District made payments of $3,648, $153,707, and $1,524,139 to SIPE, SISC II, and SISC III, respectively.

Note 16 - Restatement

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 $219,414 and $406,703, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	Governmental Activities
Beginning, as previously reported on June 30, 2024	$ 10,190,558
Change in accounting principle	(626,117)
Beginning, as Restated on July 1, 2024	$ 9,564,441

Required Supplementary Information
June 30, 2025

Coast Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 14,463,034	$ 14,498,154	$ 14,442,683	$ (55,471)
Federal sources	329,335	356,705	353,780	(2,925)
Other State sources	1,474,044	2,320,237	2,357,131	36,894
Other local sources	1,040,005	1,298,038	1,813,343	515,305
Total revenues [1]	17,306,418	18,473,134	18,966,937	493,803
Expenditures				
Current				
Certificated salaries	5,844,262	5,622,904	5,594,192	28,712
Classified salaries	3,584,980	3,687,161	3,726,945	(39,784)
Employee benefits	4,417,913	3,995,873	3,967,056	28,817
Books and supplies	942,357	1,037,681	985,149	52,532
Services and operating expenditures	1,868,869	2,017,601	1,944,035	73,566
Other outgo	1,397,648	2,297,814	3,217,843	(920,029)
Capital outlay	82,650	575,109	509,656	65,453
Debt service				
Debt service - principal	103,544	88,900	171,843	(82,943)
Debt service - interest and other	83,400	90,427	116,907	(26,480)
Total expenditures [1]	18,325,623	19,413,470	20,233,626	(820,156)
Excess (Deficiency) of Revenues Over Expenditures	(1,019,205)	(940,336)	(1,266,689)	(326,353)
Other Financing Sources (Uses)				
Other sources	-	-	440,331	440,331
Transfers out	(208,741)	(779,143)	(500,000)	279,143
Net Financing Sources (Uses)	(208,741)	(779,143)	(59,669)	719,474
Net Change in Fund Balances	(1,227,946)	(1,719,479)	(1,326,358)	393,121
Fund Balance - Beginning, as restated	7,349,764	7,349,764	7,349,764	-
Fund Balance - Ending	$ 6,121,818	$ 5,630,285	$ 6,023,406	$ 393,121

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects 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, and in the original and final General Fund budgets.

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.0115%	0.0118%	0.0118%	0.0114%
Proportionate share of the net OPEB liability	$ 30,696	$ 35,784	$ 39,977	$ 45,313
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	0.0166%	0.0103%	0.0099%	0.0078%
Proportionate share of the net OPEB liability	$ 45,188	$ 38,495	$ 37,765	$ 32,925
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.

Coast 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	0.0079%	0.0080%	0.0078%	0.0078%	0.0079%
Proportionate share of the net pension liability	$ 5,301,961	$ 6,072,226	$ 5,451,646	$ 3,541,661	$ 7,634,037
State's proportionate share of the net pension liability	2,432,558	2,909,374	3,139,930	1,975,692	5,160,521
Total	$ 7,734,519	$ 8,981,600	$ 8,591,576	$ 5,517,353	$ 12,794,558
Covered payroll	$ 5,334,770	$ 4,821,754	$ 4,518,848	$ 4,263,294	$ 4,208,392
Proportionate share of the net pension liability as a percentage of its covered payroll	99.39%	125.93%	120.64%	83.07%	181.40%
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	0.0077%	0.0083%	0.0085%	0.0089%	0.0090%
Proportionate share of the net pension liability	$ 6,849,923	$ 7,625,726	$ 7,817,876	$ 7,221,158	$ 6,070,649
State's proportionate share of the net pension liability	7,184,302	4,500,261	4,997,190	4,263,350	3,210,827
Total	$ 14,034,225	$ 12,125,987	$ 12,815,066	$ 11,484,508	$ 9,281,476
Covered payroll	$ 4,105,541	$ 4,429,938	$ 4,333,521	$ 4,383,411	$ 4,241,002
Proportionate share of the net pension liability as a percentage of its covered payroll	166.85%	172.14%	180.40%	164.74%	143.14%
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

Coast 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	0.0165%	0.0165%	0.0173%	0.0167%	0.0161%
Proportionate share of the net pension liability	$ 5,914,466	$ 5,968,986	$ 5,965,076	$ 3,403,167	$ 4,929,477
Covered payroll	$ 3,303,272	$ 2,848,463	$ 2,473,505	$ 2,402,382	$ 2,314,796
Proportionate share of the net pension liability as a percentage of its covered payroll	179.05%	209.55%	241.16%	141.66%	212.96%
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	0.0176%	0.0175%	0.0180%	0.0177%	0.0186%
Proportionate share of the net pension liability	$ 5,120,937	$ 4,661,495	$ 4,294,515	$ 3,490,327	$ 2,736,364
Covered payroll	$ 2,433,933	$ 2,306,413	$ 2,292,389	$ 2,152,545	$ 2,045,332
Proportionate share of the net pension liability as a percentage of its covered payroll	210.40%	202.11%	187.34%	162.15%	133.79%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	$ 1,039,897	$ 1,018,941	$ 920,955	$ 764,589	$ 688,522
Less contributions in relation to the contractually required contribution	1,039,897	1,018,941	920,955	764,589	688,522
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,444,487	$ 5,334,770	$ 4,821,754	$ 4,518,848	$ 4,263,294
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 719,635	$ 668,382	$ 639,240	$ 545,157	$ 470,340
Less contributions in relation to the contractually required contribution	719,635	668,382	639,240	545,157	470,340
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,208,392	$ 4,105,541	$ 4,429,938	$ 4,333,521	$ 4,383,411
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	$ 975,178	$ 881,313	$ 722,655	$ 566,680	$ 497,239
Less contributions in relation to the contractually required contribution	975,178	881,313	722,655	566,680	497,239
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,605,094	$ 3,303,272	$ 2,848,463	$ 2,473,505	$ 2,402,121
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 456,501	$ 439,617	$ 358,209	$ 318,367	$ 255,012
Less contributions in relation to the contractually required contribution	456,501	439,617	358,209	318,367	255,012
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,314,796	$ 2,433,933	$ 2,306,413	$ 2,292,389	$ 2,152,545
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

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 State 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:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	$ 20,192,613	$ 20,733,626	$ 541,013

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

Coast Unified School District

Coast Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	132.26	130.62
Fourth through sixth	87.38	85.82
Seventh and eighth	78.03	76.78
Ninth through twelfth	150.52	146.31
Total Regular ADA	448.19	439.53

Coast 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	49,295	295	49,590	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		52,110	310	52,420	179	1	180	-	-	-	Complied
Grade 2		52,110	310	52,420	179	1	180	-	-	-	Complied
Grade 3		52,110	310	52,420	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,315	325	54,640	179	1	180	-	-	-	Complied
Grade 5		54,315	325	54,640	179	1	180	-	-	-	Complied
Grade 6		60,625	355	60,980	179	1	180	-	-	-	Complied
Grade 7		60,625	355	60,980	179	1	180	-	-	-	Complied
Grade 8		60,625	355	60,980	179	1	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,555	380	64,935	179	1	180	-	-	-	Complied
Grade 10		64,555	380	64,935	179	1	180	-	-	-	Complied
Grade 11		64,555	380	64,935	179	1	180	-	-	-	Complied
Grade 12		64,555	380	64,935	179	1	180	-	-	-	Complied

* The District received an approved J-13A for 1 day and 295, 310, 325, 355, and 380 minutes for grades K, 1-3, 4-5, 6-8, and 9-12, respectively.

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

	General Fund	Cafeteria Fund
Fund Balance		
Balance, June 30, 2025, Unaudited Actuals	$ 6,126,043	$ 23,316
Decrease in		
Receivables	(102,637)	-
Unearned revenue	-	17,473
Balance, June 30, 2025, Audited Financial Statements	$ 6,023,406	$ 40,789

	(Budget) 2026 [1]	2025	2024 [1]	2023 [1]
General Fund [3]				
Revenues	$ 18,654,571	$ 18,910,473	$ 18,158,787	$ 18,528,556
Other sources	-	440,331	410,901	-
Total revenues and other sources	18,654,571	19,350,804	18,569,688	18,528,556
Expenditures	19,710,286	20,233,626	17,047,710	16,456,722
Other uses	228,290	760,000	33,609	145,214
Total expenditures and other uses	19,938,576	20,993,626	17,081,319	16,601,936
Increase/(Decrease) in Fund Balance	(1,284,005)	(1,642,822)	1,488,369	1,926,620
Ending Fund Balance	$ 3,928,369	$ 5,212,374	$ 6,855,196	$ 5,366,827
Available Reserves [2]	$ 2,590,638	$ 3,012,538	$ 4,833,278	$ 2,979,205
Available Reserves as a Percentage of Total Outgo	12.99%	14.35%	28.30%	17.94%
Long-Term Liabilities [4]	N/A	$ 28,039,928	$ 28,232,282	$ 28,356,922
K-12 Average Daily Attendance at P-2	434	448	456	445

The General Fund balance has decreased by $154,453 over the past two years. The fiscal year 2025-2026 budget projects a decrease of $1,284,005 (24.63%). For a district this size, the State recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have decreased by $316,994 over the past two years.

Average daily attendance has increased by 3 over the past two years. A decline of 14 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 contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, as required by GASB Statement No. 54.
[4] Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 174,682	$ 36,496	$ 202,656	$ 380,491	$ 794,325
Receivables	-	76,172	-	-	76,172
Total assets	$ 174,682	$ 112,668	$ 202,656	$ 380,491	$ 870,497
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 23,562	$ -	$ -	$ 23,562
Due to other funds	-	45,387	-	-	45,387
Unearned revenue	-	2,930	-	-	2,930
Total liabilities	-	71,879	-	-	71,879
Fund Balances					
Restricted	174,682	57,348	202,656	-	434,686
Assigned	-	-	-	380,491	380,491
Unassigned	-	(16,559)	-	-	(16,559)
Total fund balances	174,682	40,789	202,656	380,491	798,618
Total liabilities and fund balances	$ 174,682	$ 112,668	$ 202,656	$ 380,491	$ 870,497

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$376,554	$ -	$ -	$ 376,554
Other State sources	-	165,847	-	-	165,847
Other local sources	251,749	2,637	200,618	17,887	472,891
Total revenues	251,749	545,038	200,618	17,887	1,015,292
Expenditures					
Current					
Pupil services					
Food services	-	525,508	-	-	525,508
Administration					
All other administration	-	19,546	-	-	19,546
Ancillary services	301,630	-	-	-	301,630
Facility acquisition and construction	-	-	-	142,903	142,903
Total expenditures	301,630	545,054	-	142,903	989,587
Excess of Revenues Over Expenditures	(49,881)	(16)	200,618	(125,016)	25,705
Other Financing Sources					
Transfers in	-	-	-	500,000	500,000
Net Change in Fund Balances	(49,881)	(16)	200,618	374,984	525,705
Fund Balance - Beginning	224,563	40,805	2,038	5,507	272,913
Fund Balance - Ending	$174,682	$ 40,789	$202,656	$ 380,491	$ 798,618

Note 1 - Purpose of Schedules

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Other Information
June 30, 2025

Coast Unified School District

ORGANIZATION

The Coast Unified School District was formed on July 1, 1996, and consists of an area comprising approximately 350 square miles. The District operates one elementary school, one middle school, one high school, and one continuation. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Joe Prian	President	2026
Lee McFarland	Clerk	2026
Christine Amato Quinn	Member	2028
Lisa Weseman	Member	2028
Nicholas Johnson	Member	2028

ADMINISTRATION

NAME	TITLE
Jill Southern	Superintendent
Christie Cosme	Chief Business Officer

Independent Auditor's Reports
June 30, 2025

Coast 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
Coast Unified School District
Cambria, 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 Coast 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 November 14, 2025.

Adoption of New Accounting Standard

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

Report on Internal Control over Financial Reporting

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

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

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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 have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
November 14, 2025

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

To the Governing Board
Coast Unified School District
Cambria, California

Report on Compliance

Opinion on State Compliance

We have audited Coast 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.

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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	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Not Applicable
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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Not Applicable
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
November 14, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Coast Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

State Compliance

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

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2025-001 30000 – Financial Statement Preparation and Audit Adjustments (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

Communicating Internal Control Related Matters Identified in an Audit provides for a definition of a material weakness and a significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain accrual closing entries, government–wide reporting conversion entries and footnotes. During the course of our engagement, we noted material misstatements within the District's General Fund which resulted in an overstatement of receivables and revenues by $102,637 and aggregate remaining funds which resulted in an overstatement of unearned revenue by $17,473 and understatement of revenues by $17,473. These material misstatements were brought to the attention of, and corrected, by management.

Context

The conditions were identified as result of our review of available District records and audit procedures performed.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements.

Effect

The effect of the error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2024-2025 unaudited financial statements, the District's General Fund was overstated by $102,637 and aggregate remaining funds was understated by $17,473. These material misstatements were brought to the attention of, and corrected, by management.

Repeat Finding

Yes, see prior year finding 2024-001.

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

The District agrees that having an internal control system over monitoring financial reporting is an important part of the District's overall internal control process. The District has created processes to monitor and implement these controls.

None reported.

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

Financial Statement Findings

2024-001 30000 – Prior Period Restatement, 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

An internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. During the course of our engagement, we identified material misstatements of the beginning balances presented within the District's Statement of Net Position and General Fund, as reported on the 2022-2023 audited financial statements. These prior period restatements due to errors resulted in an overstatement of $5,532,306 in the District's government-wide net position and an understatement of $110,007 in the District's General Fund balance as reported on the 2022-2023 audited financial statements. In addition, we noted current period material misstatements resulting in the ending net position and ending fund balances in the governmental activities and governmental funds being materially misstated.

Context

The conditions were identified as result of our review of available District records and audit procedures performed.

Cause

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

Effect

Due to the net effect of the conditions identified, the District's prior period ending net position was overstated by $5,532,306 in governmental activities and the prior period ending fund balance was understated by $110,007 in the General Fund. In addition, due to current period material misstatements, the governmental activities ending net position was overstated by $111,093 and the ending fund balances of the General Fund was understated by $111,093; the Bond Interest and Redemption Fund was overstated by $26,335, and the aggregate remaining funds was overstated by $15,931.

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.

Current Status

Not implemented. See current year finding 2025-001.

Federal Award Findings

None reported.

State Compliance Findings

2024-002 61000 – Classroom Teacher Salaries (Significant Deficiency, Noncompliance)

Criteria

In accordance with the requirements of *Education Code* Section 41372, pursuant to the provisions of *Education Code* Section 41374, determine whether, after applicable audit adjustments, the district met the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in *Education Code* Section 41372.

Condition

For the current year after applicable audit adjustments, the District did not meet the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in *Education Code* Section 41372. For unified school districts, the minimum percentage required is 55%. The District's current expense on classroom teacher salaries for the year audited was $7,166,791, and the dollar amount by which the District was deficient was $797,052.

Cause

The District received one-time state and federal funds to address and respond to the effects of the COVID-19 pandemic. These funding sources were used in part toward classroom teacher salaries and benefits; however, a significant portion of these funds was used toward purchasing materials and supplies and contracted services due to shortages of available applicants. As such, the District was unable to meet the 55% requirement for classroom teacher salaries.

Effect

As a result of our testing, the District does not appear to be in compliance with current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in *Education Code* Section 41372.

Questioned Costs

There are no questioned costs related to this finding.

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.

Current Status

Implemented.

2024-003 73000 – Instructional Materials (Significant Deficiency, Noncompliance)

Criteria

Pursuant to California *Education Code* Section 60119, the District is required to hold a public hearing regarding the sufficiency of textbooks or other instructional materials on or before the end of the eighth week from the first day pupils attended school for that year.

Condition

The District held the public hearing on the sufficiency of instructional materials on February 8th, 2024, which was not within the first eight weeks of the start of school.

Cause

The condition noted above appears to have materialized due to lack of internal controls over compliance related to Instructional Materials requirements.

Effect

The District was not in compliance with California *Education Code* Section 60119.

Questioned Costs

There are no questioned costs related to this finding.

Recommendation

The District should make every effort to place the sufficiency of instructional materials on the board agenda for review and approval before on or before the eighth week from the first day pupils attend school for that year. The District should designate a management employee with the responsibility to ensure that the public hearing is placed on the board agenda before the eight weeks have passed.

Current Status

Implemented.