



# Rancho Santa Fe School District

County of San Diego  
Rancho Santa Fe, California

Audit Report  
June 30, 2025



# Rancho Santa Fe School District

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June 30, 2025

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## Independent Auditor's Report

To the Board of Education  
Rancho Santa Fe School District

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Rancho Santa Fe 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter – Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2025 the District adopted new accounting guidance, GASB Statement No. 101 *Compensated Absences* which had a material effect on the financial statements. Our opinion is not modified with respect to this matter.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

#### 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of 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 accompanying other supplementary information, identified in the table of contents, as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Information

Management is responsible for the other information included in the audit report. The other information comprises the Other Information section of the audit report as identified on the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



El Cajon, California  
December 1, 2025

**RANCHO SANTA FE SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
JUNE 30, 2025  
(Unaudited)

The discussion and analysis of Rancho Santa Fe School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

### **FINANCIAL HIGHLIGHTS**

- The increase in Local Control Funding Formula (LCFF) sources from 2023-24 to 2024-25 was \$890,170 (7.17%).
- The general fund expenditures increased by \$1,441,028 (9.24%) over the previous year amount.
- General Fund expenses and other uses exceeded revenues and other sources by \$267,434.
- The General Fund ended the fiscal year with 9.49% reserves in unassigned fund balance.

### **Overview of the Financial Statements**

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Rancho Santa Fe School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

### **The Basic Financial Statements**

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

## **Reporting the district as a Whole**

### *Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2024-2025?"

The change in net position is important because it tells the reader that, for the district as a whole, the financial position of the district has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

## **Reporting the district's Most Significant Funds**

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

### *Governmental Funds*

Most of the district's activities are reported in governmental funds. The District's major funds are the General Fund, the Capital Facilities Fund, and the Bond Interest and Redemption Fund. All other governmental funds are aggregated into one nonmajor governmental funds column. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

### *The district as a Whole*

The District's net position was \$16.8 million at June 30, 2025. Of this amount, unrestricted net position was \$1.1 million, net investment in capital assets was \$7.1 million, and restricted net position was \$8.6 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$3.3 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, and pupil services represented 71% of total expenses. The administrative activities of the District accounted for just 13% of total costs. The remaining 16% was spent on plant services and other expenses. (See Figure 2).

**(Table 1)**  
**Comparative Statement of Net Position**

	<b>Governmental Activities</b>			
	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>Change</u>	<u>% Change</u>
<b>Assets</b>				
Cash and Investments	\$ 17,671,306	\$ 17,120,221	\$ 551,085	3.22%
Accounts receivable	605,074	483,043	122,031	25.26%
Lease receivable	258,508	265,008	(6,500)	-2.45%
Prepaid expenses	73,702	-	73,702	100.00%
Capital assets, net	35,402,610	35,907,408	(504,798)	-1.41%
Lease assets, net	28,121	34,737	(6,616)	-19.05%
Subscription assets, net	2,604	10,414	(7,810)	-75.00%
Total Assets	<u>\$ 54,041,925</u>	<u>\$ 53,820,831</u>	<u>\$ 221,094</u>	<u>0.41%</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - pensions	\$ 4,688,394	\$ 3,844,859	\$ 843,535	21.94%
Deferred outflows of resources - OPEB	345,135	419,002	(73,867)	-17.63%
Deferred outflows of resources - debt related	1,615,381	1,815,222	(199,841)	-11.01%
Total Deferred Outflows of Resources	<u>\$ 6,648,910</u>	<u>\$ 6,079,083</u>	<u>\$ 569,827</u>	<u>9.37%</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 1,402,940	\$ 942,691	\$ 460,249	48.82%
Unearned revenue	94,921	212,521	(117,600)	-55.34%
Long-term liabilities	40,404,744	42,635,159	(2,230,415)	-5.23%
Total Liabilities	<u>\$ 41,902,605</u>	<u>\$ 43,790,371</u>	<u>\$ (1,887,766)</u>	<u>-4.31%</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions	\$ 1,634,420	\$ 2,234,530	\$ (600,110)	-26.86%
Deferred inflows of resources - OPEB	113,588	172,337	(58,749)	-34.09%
Deferred inflows of resources - GASB 87	226,649	240,740	(14,091)	-5.85%
Total Deferred Inflows of Resources	<u>\$ 1,974,657</u>	<u>\$ 2,647,607</u>	<u>\$ (672,950)</u>	<u>-25.42%</u>
<b>Net Position</b>				
Net investment in capital assets	\$ 7,077,181	\$ 5,389,824	\$ 1,687,357	31.31%
Restricted	8,582,235	8,019,246	562,989	7.02%
Unrestricted	1,154,157	52,866	1,101,291	2083.17%
Total Net Position	<u>\$ 16,813,573</u>	<u>\$ 13,461,936</u>	<u>\$ 3,351,637</u>	<u>24.90%</u>

**(Table 2)**  
**Comparative Statement of Change in Net Position**

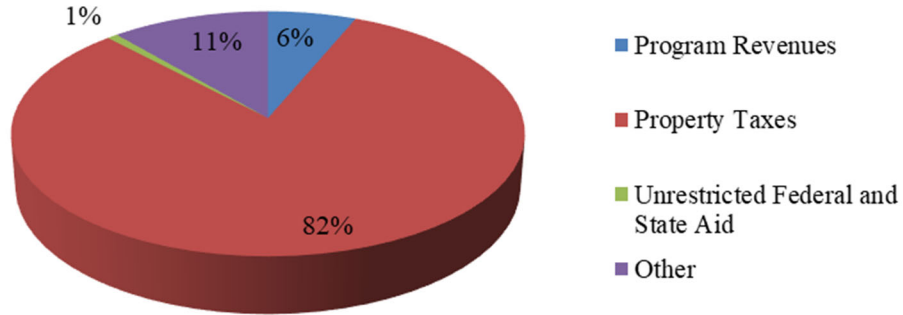
	<b>Governmental Activities</b>			
	<b>Year Ended 6/30/2025</b>	<b>Year Ended 6/30/2024</b>	<b>Change</b>	<b>% Change</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 176,551	\$ 210,426	\$ (33,875)	-16.10%
Operating grants and contributions	1,086,646	1,289,452	(202,806)	-15.73%
General revenues				
Taxes levied for general purposes	13,041,989	12,149,797	892,192	7.34%
Taxes levied for debt service	3,341,799	3,087,342	254,457	8.24%
Federal and state aid not restricted	154,319	225,996	(71,677)	-31.72%
Interest and investment earnings	945,827	811,399	134,428	16.57%
Miscellaneous	1,318,758	1,305,507	13,251	1.02%
Total Revenues	<u>20,065,889</u>	<u>19,079,919</u>	<u>985,970</u>	<u>5.17%</u>
<b>Expenses</b>				
Instruction	9,804,330	9,447,549	356,781	3.78%
Instruction Related Services	944,765	756,236	188,529	24.93%
Pupil Support Services	996,606	801,648	194,958	24.32%
General Administration	2,221,997	2,554,639	(332,642)	-13.02%
Plant Services	1,390,799	1,354,351	36,448	2.69%
Other Expenses	1,285,607	1,420,151	(134,544)	-9.47%
Total Expenses	<u>16,644,104</u>	<u>16,334,574</u>	<u>309,530</u>	<u>1.89%</u>
Increase (Decrease) in Net Position	3,421,785	2,745,345	676,440	24.64%
Net Position - Beginning Balance	13,461,936	10,716,591	2,745,345	25.62%
Beginning Balance Adjustment*	(70,148)	-	(70,148)	100.00%
Net Position - Ending Balance	<u>\$ 16,813,573</u>	<u>\$ 13,461,936</u>	<u>\$ 3,351,637</u>	<u>24.90%</u>

\*Beginning balance was adjusted for change in accounting policy for compensated absences.

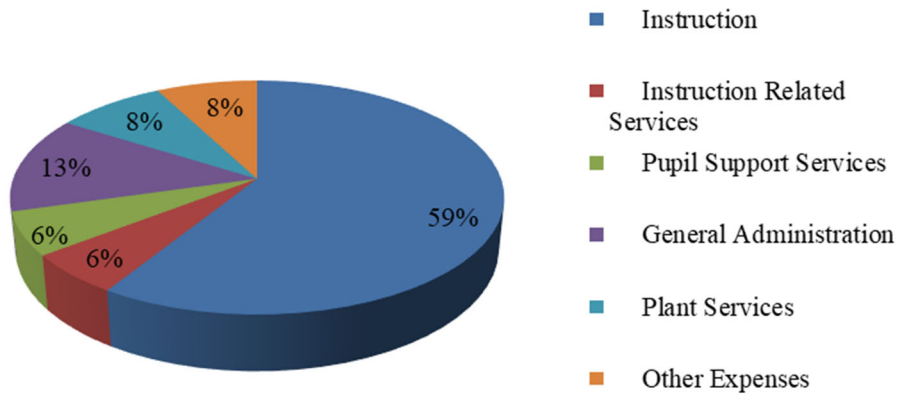
## GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$16.6 million. The amount that our local taxpayers financed for these activities through property taxes was \$16.4 million. Federal and State aid not restricted to specific purposes totaled \$0.1 million. Operating grants and contributions revenue was \$1.3 million (See Figure 1).

**Sources of Revenue for the 2024-25 Fiscal Year  
Figure 1**



**Expenses for the 2024-25 Fiscal Year  
Figure 2**



**FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District’s operations in more detail than the government-wide statements. The District’s individual fund statements provide information on inflows and outflows and balances of spendable resources. The District’s governmental funds reported a combined fund balance of \$17.3 million, an increase of \$0.4 million from the previous fiscal year’s combined ending balance of \$16.9 million.

## General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected an decrease in ending fund balance of 38% over the originally budgeted ending fund balance. The most significant changes resulted from increases in expenditures for certificated and classified salaries and capital projects expenditures.

The District ended the year with a decrease of \$0.1 million to the general fund ending balance. The State recommends available reserves of 5% of total general fund expenditures and other financing uses of the general fund, or \$88,000 whichever is greater.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

	<u>2025</u>	<u>2024</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 2,832,511	\$ 2,832,511	\$ -	0.0%
Work in Progress	111,544	0	111,544	100.0%
Land Improvements	3,297,068	3,154,041	143,027	4.5%
Buildings & Improvements	43,697,068	43,697,068	-	0.0%
Equipment	2,512,786	2,091,526	421,260	20.1%
Less Accumulated Depreciation for				
Land Improvements	(1,908,495)	(1,754,018)	(154,477)	8.8%
Buildings & Improvements	(13,548,555)	(12,640,787)	(907,768)	7.2%
Equipment	(1,591,317)	(1,472,933)	(118,384)	8.0%
Lease Assets	39,700	39,700	-	0.0%
Less Accumulated Amortization	(11,579)	(4,963)	(6,616)	133.3%
Subscription Assets	23,432	23,432	-	0.0%
Less Accumulated Amortization	<u>(20,828)</u>	<u>(13,018)</u>	<u>(7,810)</u>	<u>60.0%</u>
<b>Total</b>	<u>\$ 35,433,335</u>	<u>\$ 35,952,559</u>	<u>\$ (519,224)</u>	<u>-1.4%</u>

## Long-Term Debt

The following represents a comparative schedule of the District's long-term debt outstanding.

	<u>2025</u>	<u>2024</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 28,326,164	\$ 30,527,124	\$ (2,200,960)	-7.21%
Leases Payable	29,990	35,611	(5,621)	-15.78%
<b>Total Long-Term Debt</b>	<u><u>\$ 28,356,154</u></u>	<u><u>\$ 30,562,735</u></u>	<u><u>\$ (2,206,581)</u></u>	<u><u>-7.22%</u></u>

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2025-26 California enacted budget, and requisite trailer bills approved new and or augmented funding streams for transitional kindergarten add-on in the Local Control Funding Formula, the Student Support and Professional Development Discretionary Block Grant, the Learning Recovery Emergency Block Grant and additional appropriations for local education agencies (LEA) participating in the Expanded Learning Opportunities Program Tier 2.

Funded average daily attendance (ADA) has changed drastically in recent years as the Governor and Legislature provided additional relief to combat the significant declining enrollment. Those policies provided an off-ramp rather than a fiscal cliff, which ended last year. The 2024-25 fiscal year was the final year for LEAs to benefit from the positive impact of the 2021-22 hold harmless policies; however, moving forward, LEAs will continue to be able to claim ADA based on current-year, prior-year, or a three-year average, whichever is greater.

Beginning in 2025-26, LEAs are allowed to recover up to ten absences per year through the inaugural Attendance Recovery program. This program is available to LEAs serving classroom-based student populations and can be offered before and after school, as well as during weekends and intersessions.

Cash deferrals are back for a second consecutive year with \$1.9 billion scheduled to be deferred from June 2026 to July 2026. Although state revenues are trending ahead of projections, it is still prudent to plan as if the deferrals will occur as planned.

Despite positive outlooks for school funding, costs of salaries, pensions, and other employee benefits continue to rise. The District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 additional financial information, please contact the Business Office, at Rancho Santa Fe School District, 5927 La Granada, PO Box 809, Rancho Santa Fe, CA 92067.

## Basic Financial Statements

# Rancho Santa Fe School District

## Statement of Net Position

June 30, 2025

	Governmental Activities	Discretely Presented Component Unit
<b>Assets</b>		
Cash	\$ 17,654,826	\$ 123,999
Investments	16,480	7,353,427
Accounts Receivable	605,074	731,666
Lease Receivable	258,508	-
Prepaid Expenses	73,702	7,941
Capital Assets:		
Land	2,832,511	-
Land Improvements	3,297,068	-
Buildings & Improvements	43,697,068	-
Equipment	2,512,786	-
Work in Progress	111,544	-
Less Accumulated Depreciation	(17,048,367)	-
Lease Assets		
Equipment	39,700	-
Less Accumulated Amortization	(11,579)	-
Subscription Assets		
IT Software Agreements	23,432	-
Less Accumulated Amortization	(20,828)	-
Total Assets	<u>54,041,925</u>	<u>8,217,033</u>
<b>Deferred Outflows of Resources</b>	<u>6,648,910</u>	<u>-</u>
<b>Liabilities</b>		
Accounts Payable and Other Current Liabilities	1,402,940	-
Unearned Revenue	94,921	-
Long-Term Liabilities:		
Due Within One Year	2,744,928	-
Due In More Than One Year	37,659,816	-
Total Liabilities	<u>41,902,605</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>	<u>1,974,657</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	7,077,181	-
Restricted For:		
Capital Projects	4,233,555	-
Debt Service	3,526,118	-
Educational Programs	410,000	-
Other Purposes (Expendable)	328,860	1,080,294
Other Purposes (Nonexpendable)	83,702	6,623,940
Unrestricted	1,154,157	512,799
Total Net Position	<u>\$ 16,813,573</u>	<u>\$ 8,217,033</u>

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

# Rancho Santa Fe School District

## Statement of Activities

For the Year Ended June 30, 2025

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Discretely Presented Component Unit
<b>Governmental Activities</b>					
Instruction	\$ 9,804,330	\$ 173,844	\$ 689,631	\$ (8,940,855)	
Instruction-Related Services:					
Instructional Supervision and Administration	-	-	-	-	
Instructional Library, Media and Technology	1,869	-	-	(1,869)	
School Site Administration	942,896	-	(6,769)	(949,665)	
Pupil Services:					
Home-to-School Transportation	100,704	-	-	(100,704)	
Food Services	85,950	-	(812)	(86,762)	
All Other Pupil Services	809,952	-	182,320	(627,632)	
General Administration:					
Centralized Data Processing	740,275	-	-	(740,275)	
All Other General Administration	1,481,722	2,707	1,038	(1,477,977)	
Plant Services	1,390,799	-	117,600	(1,273,199)	
Ancillary Services	221,582	-	103,638	(117,944)	
Interest on Long-Term Debt	1,064,025	-	-	(1,064,025)	
Total Governmental Activities	<u>\$ 16,644,104</u>	<u>\$ 176,551</u>	<u>\$ 1,086,646</u>	<u>(15,380,907)</u>	
<b>Discretely Presented Component Unit:</b>					
Donations to Rancho Santa Fe School District	\$ 1,100,000	\$ 412,777	\$ 335,533		(351,690)
Student Support Services	46,165	28,907	-		(17,258)
Investment Expenses	33,315	-	-		(33,315)
Special Events Expenses	266,519	-	-		(266,519)
Other Administrative Expenses	62,555	-	-		(62,555)
Total Discretely Presented Component Unit	<u>\$ 1,508,554</u>	<u>\$ 441,684</u>	<u>\$ 335,533</u>		<u>(731,337)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				\$ 13,041,989	\$ -
Property Taxes, Levied for Debt Service				3,341,799	-
Federal and State Aid Not Restricted for Specific Purposes				154,319	-
Interest and Investment Earnings				945,827	716,654
Miscellaneous				1,318,758	-
Total General Revenues				<u>18,802,692</u>	<u>716,654</u>
Change in Net Position				3,421,785	(14,683)
Net Position - 7/1/2024, as Previously Stated				13,461,936	8,231,716
Adjustment for GASB 101 Implementation (Note A)				(70,148)	-
Net Position - 7/1/2024, as Restated				<u>13,391,788</u>	<u>8,231,716</u>
Net Position - 6/30/2025				<u>\$ 16,813,573</u>	<u>\$ 8,217,033</u>

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

# Rancho Santa Fe School District

## Balance Sheet – Governmental Funds

June 30, 2025

	Major Governmental Funds			Nonmajor Governmental Fund	Total
	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	
<b>Assets</b>					
Cash and Cash Equivalents	\$ 9,838,754	\$ 4,269,126	\$ 3,526,118	\$ 20,828	\$ 17,654,826
Investments	16,480	-	-	-	16,480
Accounts Receivable	528,445	76,629	-	-	605,074
Prepaid Expenditures	73,702	-	-	-	73,702
Leases Receivable	258,508	-	-	-	258,508
<b>Total Assets</b>	<u>\$ 10,715,889</u>	<u>\$ 4,345,755</u>	<u>\$ 3,526,118</u>	<u>\$ 20,828</u>	<u>\$ 18,608,590</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
Liabilities:					
Accounts Payable	\$ 901,594	\$ 112,200	\$ -	-	\$ 1,013,794
Unearned Revenue	94,921	-	-	-	94,921
Total Liabilities	<u>996,515</u>	<u>112,200</u>	<u>-</u>	<u>-</u>	<u>1,108,715</u>
Deferred Inflows of Resources					
Deferred Rent Income	<u>226,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,649</u>
Fund Balance:					
Nonspendable	83,702	-	-	-	83,702
Restricted	718,032	4,233,555	3,526,118	20,828	8,498,533
Committed	4,545,000	-	-	-	4,545,000
Assigned	2,500,000	-	-	-	2,500,000
Unassigned	1,645,991	-	-	-	1,645,991
Total Fund Balance	<u>9,492,725</u>	<u>4,233,555</u>	<u>3,526,118</u>	<u>20,828</u>	<u>17,273,226</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 10,715,889</u>	<u>\$ 4,345,755</u>	<u>\$ 3,526,118</u>	<u>\$ 20,828</u>	<u>\$ 18,608,590</u>

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

# Rancho Santa Fe School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2025

**Total fund balances governmental funds:** \$ 17,273,226

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

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

Capital assets relating to governmental activities, at historical cost	52,450,977		
Accumulated depreciation	(17,048,367)		
	Net		35,402,610
Lease assets relating to governmental activities, at historical cost	39,700		
Accumulated amortization	(11,579)		
	Net		28,121
Subscription assets relating to governmental activities, at historical cost	23,432		
Accumulated amortization	(20,828)		
	Net		2,604

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was: (389,146)

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

General obligation bonds payable	28,326,164		
Leases payable	29,990		
Net pension liability	10,843,215		
Net OPEB liability	899,417		
Compensated absences	305,958		
	Total		(40,404,744)

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

# Rancho Santa Fe School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued  
June 30, 2025

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Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 1,615,381

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

Deferred outflows of resources relating to pensions	4,688,394	
Deferred inflows of resources relating to pensions	<u>(1,634,420)</u>	
Net		3,053,974

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	345,135	
Deferred inflows of resources relating to OPEB	<u>(113,588)</u>	
Net		<u>231,547</u>

**Total net position governmental activities:** \$ 16,813,573

# Rancho Santa Fe School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2025

	Major Governmental Funds			Nonmajor Governmental Fund	Total
	General	Capital	Bond Interest	Associated	
	Fund	Facilities Fund	& Redemption Fund	Student Body Fund	
<b>Revenues</b>					
State Apportionment	\$ 157,463	\$ -	\$ -	\$ -	\$ 157,463
Education Protection Account Funds	107,664	-	-	-	107,664
Property Taxes	13,041,989	-	3,341,799	-	16,383,788
Federal Revenue	187,578	-	-	-	187,578
Other State Revenue	963,462	-	-	-	963,462
Interest	429,077	172,636	75,414	-	677,127
FMV Adjustment	157,810	61,531	49,359	-	268,700
Other Local Revenue	1,729,825	176,551	-	103,639	2,010,015
<b>Total Revenues</b>	<b>\$ 16,774,868</b>	<b>\$ 410,718</b>	<b>\$ 3,466,572</b>	<b>\$ 103,639</b>	<b>\$ 20,755,797</b>
<b>Expenditures</b>					
Current Expenditures:					
Instruction	10,397,691	-	-	-	10,397,691
Instruction - Related Services	1,110,411	-	-	-	1,110,411
Pupil Services	1,111,356	-	-	-	1,111,356
Ancillary Services	95,512	-	-	126,121	221,633
General Administration	2,195,009	1,736	-	-	2,196,745
Plant Services	1,459,538	-	-	-	1,459,538
Capital Outlay	664,353	111,544	-	-	775,897
Debt Service:					
Principal	5,621	-	1,807,594	-	1,813,215
Interest	2,811	-	1,291,407	-	1,294,218
<b>Total Expenditures</b>	<b>17,042,302</b>	<b>113,280</b>	<b>3,099,001</b>	<b>126,121</b>	<b>20,380,704</b>
Net Change in Fund Balance	(267,434)	297,438	367,571	(22,482)	375,093
Fund Balance, Beginning of Year	9,760,159	3,936,117	3,158,547	43,310	16,898,133
Fund Balance, End of Year	\$ 9,492,725	\$ 4,233,555	\$ 3,526,118	\$ 20,828	\$ 17,273,226

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

# Rancho Santa Fe School District

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

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**Total change in fund balances governmental funds:** \$ 375,093

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

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

Expenditures for capital outlay	775,897	
Depreciation expense	(1,240,667)	
Amortization expense	<u>(14,426)</u>	
	Net	(479,196)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (40,027)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,813,215

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 219,148

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 7,855

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

## Rancho Santa Fe School District

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

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Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 1,439,421

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: 75,233

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is: 11,043

**Change in net position of governmental activities:** \$ 3,421,785

# Rancho Santa Fe School District

Notes to the Financial Statements

For the Year Ended June 30, 2025

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## A. Summary of Significant Accounting Policies

Rancho Santa Fe School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

### 1. Reporting Entity

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

### 2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The Rancho Santa Fe Education Foundation (the Foundation) has a financial and operational relationship which meets the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Foundation as a component unit of the District. Therefore, the financial activities of the Foundation have been included in the basic financial statements of the District as a discretely presented component unit.

The Rancho Santa Fe Education Foundation (the Foundation), a California non-profit public benefit corporation, has created a permanent endowment fund that is used to support and enrich the educational programs provided to the students in the District. Distributions from the Foundation to the District during the fiscal year ending June 30, 2025, were \$1,146,165 which is equal to 6.83% of the District's general fund revenue.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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The following are those aspects of the relationship between the District and the Foundation which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 criteria:

### *Nature and Significance of Relationship*

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

- A. The economic resources received or held by the Foundation are entirely for the direct benefit of the District.
- B. The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the Foundation.
- C. The economic resources received or held by the Foundation are significant to the District.

### 3. Basis of Presentation

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

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

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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

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

### *Major Governmental Funds*

The District reports the following major governmental funds:

**General Fund:** The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

**Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

**Bond Interest and Redemption Fund:** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

### *Non-Major Governmental Funds*

The District reports the following non-major governmental fund categorized by the fund type:

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

**Associated Student Body Fund:** This fund is used to account separately for the activities of associated student body organizations operated by the District.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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## 4. Basis of Accounting – Measurement Focus

**Government-Wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

## 5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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### 6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

### 7. Revenues and Expenses

#### a. Revenues – Exchange and Non-Exchange

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 year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

#### b. 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, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, 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.

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# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. A capitalization threshold of \$20,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$20,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party’s information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of \$20,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy and labor agreements. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Under the District’s policies, vacation leave and sick leave may be carried forward from year to year, subject to limits established by policy.

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101.

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability that is expected to be liquidated with expendable available financial resources is reported as a fund liability; the remainder is reported in the government-wide financial statements.

The District measured the liability based on a historic look back period of three years with a last-in-first-out flows assumption for use of accrued balances.

g. Unearned Revenue

Unearned revenue represents amounts received in advance of the period in which the District is legally entitled to the resources. In the governmental funds, unearned revenue is reported as a liability until the underlying revenue recognition criteria have been met. Typical sources of unearned revenue include advance payments for services and grant proceeds received before all eligibility requirements have been satisfied.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

j. Minimum Fund Balance Policy

The District maintains a minimum reserve, within the general fund, of at least 4% or \$88,000, whichever is greater. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either 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. The Special Reserve Fund for Other than Capital Outlay (Fund 17) does not have continuing revenue sources that are either restricted or committed in nature. As such this fund does not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. The fund has been combined with the general fund for reporting purposes.

l. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

n. Postemployment Benefits Other than Pensions (OPEB)

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

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

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

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs to an asset or liability.

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2025. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement No. 99 <i>Omnibus 2022</i> (Portions related to financial guarantees and derivative instruments)	Apr-22
GASB Statement No. 100 <i>Accounting Changes and Error Corrections</i> (Amendment of GASB Statement No. 62)	Jun-22
GASB Statement No. 101 <i>Compensated Absences</i>	Jun-22
GASB Statement No. 102 <i>Certain Risk Disclosures</i>	Dec-23
GASB Implementation Guide No. 2023-1 <i>Implementation Guidance Update 2023</i>	Jun-23
GASB Implementation Guide No. 2025-1 <i>Implementation Guidance Update 2025 (Question 4.16 ONLY)</i>	Jun-25

The adoption of GASB Statement No. 99, GASB Statement No. 102, GASB Implementation Guide No. 2023-1 and GASB Implementation Guide No. 2025-1 did not have a material impact on the District’s financial position, results of operations, or disclosures in the financial statements.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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The adoption of GASB Statement No. 100 resulted in enhanced note disclosures and financial statement presentation but did not result in a material change to the District's financial position.

The adoption of GASB Statement No. 101 resulted in a material change to the District's Net Position for inclusion of a portion of sick leave that meets reporting requirements consistent with the requirements of the GASB pronouncement.

### 13. Accounting Changes and Error Corrections

Effective for the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 requires that changes to or within the financial reporting entity, including changes in fund classification, be reported by adjusting the beginning balances of the affected funds as if the change occurred at the start of the reporting period. The statement also requires enhanced disclosures regarding accounting changes and error corrections.

#### *Error Corrections*

No error corrections were identified or recorded during the fiscal year ended June 30, 2025.

#### *Change in Accounting Principle*

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*, which establishes new recognition and measurement criteria for compensated absences. As a result, the District changed its method of accounting for compensated absences to comply with the new standard. The implementation of GASB Statement No. 101 resulted in a restatement of the beginning net position of governmental activities as of July 1, 2024. The affected financial statement line item is "Compensated Absences Payable." The change in accounting principle resulted in the following restatement of beginning net position:

	<u>Governmental Activities</u>
Beginning Net Position as Reported in June 30, 2024 Audit Report	13,461,936
Adjustments to Beginning Balance:	
GASB 101 Implementation	<u>(70,148)</u>
Beginning Net Position, as Restated	<u><u>\$ 13,391,788</u></u>

#### *Change in Fund Classification*

There were no changes in fund classifications for the fiscal year ended June 30, 2025.

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

**B. Compliance and Accountability**

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

**C. Fair Value Measurements**

The District’s investments at June 30, 2025, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 17,623,998	\$ -	\$ 17,623,998	\$ -
Total investments by fair value level	\$ 17,623,998	\$ -	\$ 17,623,998	\$ -
Investments by fair value level				
Certificate of Deposit	\$ 16,480	\$ 16,480	\$ -	\$ -
Total investments by fair value level	\$ 16,480	\$ 16,480	\$ -	\$ -

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 §41001). The fair value of the District’s investments in the pool is reported in the accounting financial statements as 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 the 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.

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

### D. Cash and Investments

As of June 30, 2025, the District held the following cash and cash equivalents:

	Major Governmental Funds			Nonmajor Governmental Fund	Total
	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	
Cash in County Treasury	\$ 9,824,068	\$ 4,267,090	\$ 3,524,437	\$ -	\$ 17,615,595
FMV Adjustment	4,686	2,036	1,681	-	8,403
Cash in Bank and in Revolving Fund	10,000	-	-	20,828	30,828
Total Cash and Cash Equivalents	<u>\$ 9,838,754</u>	<u>\$ 4,269,126</u>	<u>\$ 3,526,118</u>	<u>\$ 20,828</u>	<u>\$ 17,654,826</u>

#### 1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$17,615,595 as of June 30, 2025). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$17,623,998. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

#### 2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$20,828 as of June 30, 2025) and in revolving fund (\$10,000 as of June 30, 2025) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

#### 3. Investments

The District has invested in a Certificate of Deposit with Mission Federal Credit Union. This investment has an annual percentage yield rate of 0.400% and matures on March 28, 2026. The Certificate of Deposit is valued at \$16,480 on June 30, 2025.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

## 4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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## 5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2025, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 17,623,998
Certificate of Deposit	Unrated	Not Applicable	16,480

### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name.

At June 30, 2025, the District’s bank balances, including revolving cash, did not exceed FDIC insurance limitations and as such were not exposed to custodial credit risk.

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains pooled investments with the San Diego County Treasury with a fair value of \$17,623,998. The average weighted maturity for this pool was 562 days at June 30, 2025.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

**E. Accounts Receivable**

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2025, consisted of:

	General Fund	Capital Facilities Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Federal Government:			
Special Education	\$ 151,992	\$ -	\$ 151,992
State Government:			
Principal Apportionment	51,932	-	51,932
Lottery	39,682	-	39,682
Special Education	60,730	-	60,730
Other State Programs	23,122	-	23,122
Local Sources			
Interest	182,858	76,629	259,487
Other Local Sources	18,129	-	18,129
Total Accounts Receivable	<u>\$ 528,445</u>	<u>\$ 76,629</u>	<u>\$ 605,074</u>

**F. Leases Receivable**

The District is a lessor in a lease as defined by GASB 87. Details of the lease are as follows:

The District holds a lease agreement for use of District owned property for parking spaces. The lease began July 1, 2021 and extends through June 30, 2041. The lease calls for payments of \$1,346 during the 2021-22 fiscal year increasing 2% each year until the lease term is reached. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.75%, which is an imputed rate.

Lease receivable is reduced each year by the principal payments collected on the lease. Deferred inflows of resources relating to leases is amortized over the life of the lease using the straight-line method.

The following represents activity for leases receivable and deferred inflows of resources relating to leases during the fiscal year ended June 30, 2025:

	Lease Receivable			
	Balance			Balance
	July 1, 2024	Increases	Decreases	June 30, 2025
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Parking Lot	\$ 265,008	\$ -	\$ 6,500	\$ 258,508
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

	Deferred Inflows of Resources			Balance June 30, 2025
	Balance July 1, 2024	Increases	Decreases	
Parking Lot	\$ 240,740	\$ -	\$ 14,091	\$ 226,649

## G. Capital Assets, Lease Assets, and Subscription Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,832,511	\$ -	\$ -	\$ 2,832,511
Work in progress	-	111,544	-	111,544
Total capital assets not being depreciated	2,832,511	111,544	-	2,944,055
Capital assets being depreciated:				
Land improvements	3,154,041	143,027	-	3,297,068
Buildings and improvements	43,697,068	-	-	43,697,068
Equipment	2,091,526	521,325	100,065	2,512,786
Total capital assets being depreciated	48,942,635	664,352	100,065	49,506,922
Less accumulated depreciation for:				
Land improvements	(1,754,018)	(154,477)	-	(1,908,495)
Buildings and improvements	(12,640,787)	(907,768)	-	(13,548,555)
Equipment	(1,472,933)	(178,422)	(60,038)	(1,591,317)
Total accumulated depreciation	(15,867,738)	(1,240,667)	(60,038)	(17,048,367)
Capital assets, net	35,907,408	(464,771)	40,027	35,402,610
Lease assets				
Equipment	39,700	-	-	39,700
Less accumulated amortization	(4,963)	(6,616)	-	(11,579)
Lease assets, net	34,737	(6,616)	-	28,121
Subscription assets				
IT arrangements	23,432	-	-	23,432
Less accumulated amortization	(13,018)	(7,810)	-	(20,828)
Subscription assets, net	10,414	(7,810)	-	2,604
Capital, lease and subscription assets, net	\$ 35,952,559	\$ (479,197)	\$ 40,027	\$ 35,433,335

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

Depreciation and amortization were charged to functions as follows:

	<u>Depreciation by Function</u>	<u>Amortization by Function</u>
Instruction	\$ 990,026	\$ 14,426
Pupil Services	15,637	-
General Administration	197,941	-
Plant Services	37,063	-
Total	<u>\$ 1,240,667</u>	<u>\$ 14,426</u>

**H. Accounts Payable**

Accounts payable balances on the government-wide financial statements as of June 30, 2025, consisted of:

	<u>Governmental Activities</u>
Vendors Payable	\$ 967,290
Payroll and Benefits	46,504
Accrued Interest	389,146
Total Accounts Payable	<u>\$ 1,402,940</u>

Accounts payable balances in the governmental fund financial statements as of June 30, 2025, consisted of:

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Total</u>
Vendors Payable	\$ 855,090	\$ 112,200	\$ 967,290
Payroll and Benefits	46,504	-	46,504
Total Accounts Payable	<u>\$ 901,594</u>	<u>\$ 112,200</u>	<u>\$ 1,013,794</u>

**I. Unearned Revenue**

Unearned revenue balances as of June 30, 2025, consisted of:

	<u>General Fund</u>
State Programs	
Universal Pre-Kindergarten	<u>\$ 94,921</u>

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

## J. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The District did not issue any short-term debt during the fiscal year ended June 30, 2025.

## K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2025, consisted of:

	Major Governmental Funds			Nonmajor Governmental Fund	Total
	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	
<b>Nonspendable Fund Balance</b>					
Revolving Cash	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Prepaid Expenditures	73,702	-	-	-	73,702
<b>Total Nonspendable Fund Balance</b>	<b>83,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,702</b>
<b>Restricted Fund Balance</b>					
Capital Projects	-	4,233,555	-	-	4,233,555
Educational Programs	410,000	-	-	-	410,000
Debt Service	-	-	3,526,118	-	3,526,118
Mental Health	238,735	-	-	-	238,735
Student Activity Funds	-	-	-	20,828	20,828
Other Restricted	69,297	-	-	-	69,297
<b>Total Restricted Fund Balance</b>	<b>718,032</b>	<b>4,233,555</b>	<b>3,526,118</b>	<b>20,828</b>	<b>8,498,533</b>
<b>Committed Fund Balance</b>					
Deferred Maintenance	3,000,000	-	-	-	3,000,000
Technology	845,000	-	-	-	845,000
Economic Reserve	700,000	-	-	-	700,000
<b>Total Committed Fund Balance</b>	<b>4,545,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,545,000</b>
<b>Assigned Fund Balance</b>					
Educational Programs	2,500,000	-	-	-	2,500,000
<b>Total Assigned Fund Balance</b>	<b>2,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>
<b>Unassigned Fund Balance</b>					
For Economic Uncertainties	852,115	-	-	-	852,115
Other Unassigned	793,876	-	-	-	793,876
<b>Total Unassigned Fund Balance</b>	<b>1,645,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,645,991</b>
<b>Total Fund Balance</b>	<b>\$ 9,492,725</b>	<b>\$ 4,233,555</b>	<b>\$ 3,526,118</b>	<b>\$ 20,828</b>	<b>\$ 17,273,226</b>

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

## L. Long Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 30,527,124	\$ 129,925	\$ 2,330,885	\$ 28,326,164	\$ 2,572,957
Leases Payable	35,611	-	5,621	29,990	6,118
Net Pension Liability*	10,838,991	4,224	-	10,843,215	-
Net OPEB Obligation*	989,768	-	90,351	899,417	-
Compensated Absences*	313,813	-	7,855	305,958	165,853
Total Governmental Activities	<u>\$ 42,705,307</u>	<u>\$ 134,149</u>	<u>\$ 2,434,712</u>	<u>\$ 40,404,744</u>	<u>\$ 2,744,928</u>

\*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for leases payable are made from the general fund.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general fund.
- Payments for compensated absences are made from the general fund.

### 2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 4, 2014, registered voters authorized the issuance of \$26,100,000 principal amount of general obligation bonds. Of the total amount originally authorized, all amounts have been issued.

General obligation bonds at June 30, 2025 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2004 Election, Series A	08/19/04	8.125 - 12.00%	08/01/24	\$ 2,836,419
2008 Election, Series A	07/22/08	4.75 - 5.35%	08/01/31	1,959,042
2015 Refunding Bonds	07/28/15	3.00 - 5.00%	08/01/32	33,205,000
Total				<u>\$ 38,000,461</u>

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2004 Election, Series A					
Principal	\$ 31,782	\$ -	\$ 31,782	\$ -	\$ -
Accreted Interest	274,822	18,396	293,218	-	-
2008 Election, Series A					
Principal	963,534	-	15,813	947,721	159,893
Premium	21,049	-	345	20,704	3,493
Accreted Interest	1,172,544	111,529	19,187	1,264,886	215,107
2015 Refunding Bonds					
Principal	25,065,000	-	1,760,000	23,305,000	1,960,000
Premium	2,998,393	-	210,540	2,787,853	234,464
Total	<u>\$ 30,527,124</u>	<u>\$ 129,925</u>	<u>\$ 2,330,885</u>	<u>\$ 28,326,164</u>	<u>\$ 2,572,957</u>

The annual requirements to amortize the bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 2,119,893	\$ 884,950	\$ 215,107	\$ 3,219,950
2027	2,338,794	781,450	236,206	3,356,450
2028	2,570,251	339,445	254,749	3,164,445
2029	2,818,222	552,900	276,778	3,647,900
2030	3,054,066	441,500	295,934	3,791,500
2031-2035	11,351,497	619,575	378,503	12,349,575
Total	<u>\$ 24,252,723</u>	<u>\$ 3,619,820</u>	<u>\$ 1,657,277</u>	<u>\$ 29,529,820</u>

### *Accreted Interest*

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2025.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

### *Premium*

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

Effective interest on general obligation bonds issued at a premium are as follows:

	2008 Election Series A	2015 Refunding
Total Interest Payments	\$ 2,842,556	\$ 15,740,712
Less Bond Premium	(532,105)	(3,972,138)
Net Interest Payments	<u>2,310,451</u>	<u>11,768,574</u>
PAR Amount of Bonds	1,959,042	33,205,000
Periods	24	18
Effective Interest Rate	4.91%	1.97%

### 3. Leases Payable

The District entered into a lease arrangement with South Coast Copy Machines for the right to use copy machines. The lease calls for payments of \$703 per month over seventy-two months extending through September 2029. Interest was imputed at a rate of 8.50%. There are no residual value guarantees included in the lease. Additionally, the District has not experienced any losses associated with impairment of an underlying leased asset.

A summary of leases payable is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
South Coast Copy Machines	\$ 35,611	\$ -	\$ 5,621	\$ 29,990	\$ 6,118
Total	<u>35,611</u>	<u>-</u>	<u>5,621</u>	<u>29,990</u>	<u>6,118</u>

### 4. Compensated Absences

Compensated absences payable as of June 30, 2025, consisted of:

	Balance July 1, 2024	Current Year Changes	Balance June 30, 2025	Due Within One Year
Vacation liability	\$ 122,904	\$ 24,430	\$ 147,334	\$ 115,904
Sick leave	190,909	(32,285)	158,624	49,949
Total	<u>\$ 313,813</u>	<u>\$ (7,855)</u>	<u>\$ 305,958</u>	<u>\$ 165,853</u>

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued  
 For the Year Ended June 30, 2025

## M. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

<u>Hire Date</u>	<u>CalSTRS</u>	
	<u>Before</u>	<u>After</u>
	<u>Jan. 1, 2013</u>	<u>Jan. 1, 2013</u>
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55 - 60	55 - 62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (2024-25)	10.250%	10.205%
Required Employer Contribution Rates (2024-25)	19.100%	19.100%
Required State Contribution Rates (2024-25)	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

<u>Hire Date</u>	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 62	52 - 67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%*	1.0 - 2.5%*
Required Employee Contribution Rates (2024-25)	7.000%	8.000%
Required Employer Contribution Rates (2024-25)	27.050%	27.050%

\*Amounts are limited to 120% of Social Security Wage Base

\*\*The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2025, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2025. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

*CalPERS*

California Public Employees' Retirement Law §20814(c) 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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2025, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 27.05% of covered payroll.

**Rancho Santa Fe School District**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

*On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2025 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District’s proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State’s pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2023	10.828%	\$ 684,557	\$ 2,086,025
2024	10.828%	491,023	(156,577)
2025	10.828%	557,211	(92,668)

d. Contributions Recognized

For the fiscal year ended June 30, 2025 (measurement period June 30, 2024), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
<i>Governmental Funds</i>	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,299,123	\$ 728,760	\$ 2,027,883
Contributions - State On Behalf Payments	557,211	-	557,211
Total Governmental Funds	\$ 1,856,334	\$ 728,760	\$ 2,585,094

Government-Wide Financial Statements (Economic Resources Measurement Focus)			
<i>Governmental Activities</i>	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,214,457	\$ 639,341	\$ 1,853,798
Contributions - State On Behalf Payments	557,211	-	557,211
Total Governmental Activities	\$ 1,771,668	\$ 639,341	\$ 2,411,009

**Rancho Santa Fe School District**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	<i>Governmental</i>
	<i>Activities</i>
CalSTRS	\$ 6,501,310
CaPERS	4,341,905
Total	\$ 10,843,215

The District’s net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to measurement date June 30, 2024 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District’s proportionate share of the net pension liability for each Plan as of June 30, 2024 and June 30, 2025 were as follows:

	CalSTRS		CaPERS
	State's		
	Proportionate	Total for	District's
	District's	District	Proportionate
	Proportionate	Employees	Share
	Share	Employees*	Share
<i>Governmental Activities</i>			
Proportion June 30, 2024	0.008955%	0.013231%	0.011102%
Proportion June 30, 2025	0.009680%	0.014121%	0.012149%
Change in Proportion	0.000725%	0.000890%	0.001047%

\*Represents State’s Proportionate Share on behalf of District employees.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

a. Pension Expense

	<i>Governmental Activities</i>		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability	\$ (318,881)	\$ 323,105	\$ 4,224
State On Behalf Pension Expense	(92,668)	-	(92,668)
Employer Contributions	1,299,123	728,760	2,027,883
Change in Deferrals for:			
Experience Differences	(279,821)	(247,997)	(527,818)
Changes in Assumptions	11,032	89,173	100,205
Changes in Proportionate Share	(780,137)	(335,266)	(1,115,403)
Subsequent Contributions	(140,943)	(75,709)	(216,652)
Earnings Differences	55,414	260,609	316,023
Total Pension Expense	<u>\$ (246,881)</u>	<u>\$ 742,675</u>	<u>\$ 495,794</u>

b. Deferred Outflows and Inflows of Resources

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		
	CalSTRS	CalPERS	Total
<i>Governmental Activities</i>			
Subsequent Contributions	\$ 1,299,123	\$ 728,760	\$ 2,027,883
Experience Differences	735,472	364,006	1,099,478
Changes in Assumptions	28,459	95,971	124,430
Changes in Proportionate Share	859,483	408,463	1,267,946
Earnings Differences	-	168,657	168,657
Total Deferred Outflows of Resources	<u>\$ 2,922,537</u>	<u>\$ 1,765,857</u>	<u>\$ 4,688,394</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<i>Governmental Activities</i>			
Experience Differences	\$ (284,483)	\$ (31,075)	\$ (315,558)
Changes in Proportionate Share	(1,164,922)	(127,379)	(1,292,301)
Earnings Differences	(26,561)	-	(26,561)
Total Deferred Inflows of Resources	<u>\$ (1,475,966)</u>	<u>\$ (158,454)</u>	<u>\$ (1,634,420)</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2026. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a multi-year period.

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	<i>Governmental Activities</i>				Net Effect on Expenses
	Deferred Outflows of Resources		Deferred Inflows of Resources		
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2026	\$ 1,646,475	\$ 1,162,044	\$ (969,708)	\$ (101,841)	\$ 1,736,970
2027	346,881	512,027	16,730	(56,613)	819,025
2028	332,651	145,152	(217,500)	-	260,303
2029	252,449	(53,366)	(200,553)	-	(1,470)
2030	220,323	-	(104,935)	-	115,388
Thereafter	123,758	-	-	-	123,758
Total	<u>\$ 2,922,537</u>	<u>\$ 1,765,857</u>	<u>\$ (1,475,966)</u>	<u>\$ (158,454)</u>	<u>\$ 3,053,974</u>

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2025, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	6/30/2025	6/30/2025
Measurement Date	6/30/2024	6/30/2024
Valuation Date	6/30/2023	6/30/2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2007 - 2022	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Wage Growth	3.50%	Varies <sup>(3)</sup>
Payroll Growth	3.25%	Varies <sup>(3)</sup>
Investment Rate of Return	7.10%	6.90%
Post Retirement Benefit Increase	2.00% Simple <sup>(1)</sup>	2.00% - 2.30% <sup>(4)</sup>
Mortality	CalSTRS Data <sup>(2)</sup>	CalPERS Data <sup>(5)</sup>

- (1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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### d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (Fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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

## CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return <sup>(1)</sup>	Long-Term Expected Real Rate of Return <sup>(2)</sup>
Public Equity	38.00%	8.00%	5.25%
Real Estate	15.00%	6.80%	4.05%
Private Equity	14.00%	9.50%	6.75%
Fixed Income	14.00%	5.20%	2.45%
Risk Mitigation Strategies	10.00%	5.00%	2.25%
Inflation Sensitive	7.00%	6.40%	3.65%
Cash/Liquid	2.00%	2.80%	0.05%

<sup>(1)</sup> 20 to 30 year geometric average.

<sup>(2)</sup> Real rates of return are net of assumed 2.75% inflation

## CalPERS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(3),(4)</sup>
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>(3)</sup> An expected price inflation of 2.30% used for this period.

<sup>(4)</sup> Figures are based on the 2021-22 Asset Liability Management Study.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 11,563,825	\$ 6,449,939
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 6,501,310	\$ 4,341,905
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 2,274,026	\$ 2,600,505

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

**CalSTRS Governmental Activities**

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2024</b> (Previously Reported)	\$ 52,008,414	\$ 41,931,591	\$ 10,076,823	\$ 3,256,632	\$ 6,820,191
<b>Changes for the year</b>					
Change in proportionate share	3,498,412	2,820,582	677,830	125,665	552,165
Service cost	1,229,374	-	1,229,374	386,633	842,741
Interest	3,933,546	-	3,933,546	1,237,085	2,696,461
Experience differences	429,984	-	429,984	135,228	294,756
Change in assumptions	(755,615)	-	(755,615)	(237,638)	(517,977)
Change in benefits	4,660	-	4,660	1,466	3,194
Contributions:					
Employer	-	1,212,349	(1,212,349)	(381,279)	(831,070)
Employee	-	668,629	(668,629)	(210,281)	(458,348)
State on behalf	-	557,211	(557,211)	(175,241)	(381,970)
Net investment income	-	3,695,889	(3,695,889)	(1,162,343)	(2,533,546)
Other income	-	55,213	(55,213)	(17,364)	(37,849)
Benefit payments <sup>(1)</sup>	(2,709,537)	(2,709,537)	-	-	-
Administrative expenses	-	(28,666)	28,666	9,015	19,651
Borrowing costs	-	(47,023)	47,023	14,789	32,234
Other expenses	-	(988)	988	311	677
Net changes	5,630,824	6,223,659	(592,835)	(273,954)	(318,881)
<b>Balance at June 30, 2025</b>	<b>\$ 57,639,238</b>	<b>\$ 48,155,250</b>	<b>\$ 9,483,988</b>	<b>\$ 2,982,678</b>	<b>\$ 6,501,310</b>

(1) – Includes refunds of employee contributions

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

**CalPERS Governmental Activities**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at June 30, 2024</b>			
(Previously Reported)	\$ 13,379,414	\$ 9,360,614	\$ 4,018,800
<b>Changes for the year</b>			
Change in proportionate share	1,261,777	882,775	379,002
Service cost	376,517	-	376,517
Interest	1,022,560	-	1,022,560
Experience differences	351,936	-	351,936
Contributions:			
Employer	-	652,262	(652,262)
Employee	-	186,386	(186,386)
Net investment income	-	976,739	(976,739)
Benefit payments <sup>(1)</sup>	(723,341)	(723,341)	-
Administrative expenses	-	(8,477)	8,477
Net changes	2,289,449	1,966,344	323,105
<b>Balance at June 30, 2025</b>	<b>\$ 15,668,863</b>	<b>\$ 11,326,958</b>	<b>\$ 4,341,905</b>

(1) – Includes refunds of employee contributions

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

**N. Postemployment Benefits Other than Pension Benefits (OPEB)**

1. Plan Description

*Plan administration*

The District’s defined benefit OPEB plan, Rancho Santa Fe School District Retiree Health Care Plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District’s board of directors.

*Benefits provided*

Certificated and Administrative employees who have attained age 60 (but not yet attained age 65), have completed 15 or more years of continuous, full-time service with the District, have a current placement on the Salary Schedule of at least Class V, Step 15, and who elect a service retirement under CalSTRS, are eligible to receive a District contribution of cost of medical/prescription drug subject, to a cap of \$1,050/month, including dental insurance for the retiree only until age 65. District-paid benefits end at age 65, except as otherwise noted below. Dependent coverage may be added at the retiree's expense. Benefits for future bargaining cycles are explicitly contingent upon renewal of this provision in future Certificated bargaining agreements.

Classified retirees are not generally eligible for District-paid benefits. However, one Classified retiree is currently receiving District-paid health or dental benefits to age 65 under a special incentive arrangement that is not expected to be repeated in the future.

One retired Assistant Superintendent is receiving lifetime District-paid medical/prescription drug and dental benefits for retiree and spouse under special arrangements with the District.

*Employees Covered by Benefit Terms*

At measurement date, June 30, 2024, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	6.00
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>47.00</u>
	<u><u>53.00</u></u>

*Contributions*

The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. During fiscal year 2019-20, the District elected to join the California Employers' Retiree Benefit Trust (CERBT) Fund, a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits.

2. Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1 <sup>st</sup> to June 30 <sup>th</sup>
Measurement Date	June 30, 2024
Funding Policy	Pay-as-you-go
Discount Rate	5.25% per annum
Inflation	2.50% per annum
Salary Increases	3.00% per annum
Investment rate of return	5.25%, net of OPEB plan investment expense
Pre-retirement Turnover	Based on experience studies for CalPERS and CalSTRS pension plan termination rates
Mortality Rates	Mortality rates for active employees from CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019)
Healthcare Cost Trend Rates	5.50% decreasing to 4.00%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset	
	Allocation	Real Rate of Return
Global Ex-U.S. Equity	23%	4.8%
U.S. Fixed	51%	1.8%
TIPS	9%	1.6%
Real Estate	14%	3.7%
Commodities	3%	1.9%

*Discount Rate*

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Expected Return of Plan Investments	AA 20 Years Municipal Index	Discount Rate
6/30/2024	6/30/2023	5.25%	3.86%	5.25%
6/30/2025	6/30/2024	5.25%	3.97%	5.25%

*Actuarial Cost Method*

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

*Investment Policy*

The District’s policy regarding the allocation of the plan’s invested assets is established and may be amended by management. The District participates in the California Employers’ Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all California Public agencies. The District has adopted the CERBT Strategy 3 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

## *Changes in the Net OPEB Liability*

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at June 30, 2024	\$ 1,204,576	\$ 214,808	\$ 989,768
Changes for the year:			
Service cost	42,413	-	42,413
Interest	62,394	-	62,394
Benefit payments <sup>(1)</sup>	(118,585)	(118,585)	-
Contributions - employer	-	181,060	(181,060)
Net investment income	-	14,176	(14,176)
Administrative expenses	-	(78)	78
Net change	<u>(13,778)</u>	<u>76,573</u>	<u>(90,351)</u>
Balance at June 30, 2025	<u>\$ 1,190,798</u>	<u>\$ 291,381</u>	<u>\$ 899,417</u>

(1) Includes implicit subsidy

## *Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (4.25%)	Valuation Discount Rate (5.25%)	1% Increase (6.25%)
	<u>          </u>	<u>          </u>	<u>          </u>
Net OPEB Liability	\$ 984,229	\$ 899,417	\$ 819,585

## Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

### *Sensitivity of the total OPEB liability to changes in the health care cost trend rates*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trends Rate</u>	<u>1% Increase</u>
	4.50%	5.50%	6.50%
	Decreasing to	Decreasing to	Decreasing to
	<u>3.00%</u>	<u>4.00%</u>	<u>5.00%</u>
Net OPEB Liability	\$ 778,309	\$ 899,417	\$ 1,040,709

### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2025, the District recognized OPEB expense of \$105,598. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Subsequent contributions	\$ 90,730	\$ -
Experience differences	229,372	4,937
Assumption changes	11,885	108,651
Net earnings differences	<u>13,148</u>	<u>-</u>
Total	<u>\$ 345,135</u>	<u>\$ 113,588</u>

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2026	\$ 158,832	\$ (54,640)	\$ 104,192
2027	57,404	(23,695)	33,709
2028	38,662	(5,686)	32,976
2029	17,149	(5,686)	11,463
2030	17,401	(5,686)	11,715
Thereafter	<u>55,687</u>	<u>(18,195)</u>	<u>37,492</u>
Total	<u>\$ 345,135</u>	<u>\$ (113,588)</u>	<u>\$ 231,547</u>

## O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

# Rancho Santa Fe School District

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

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## P. Participation in Joint Powers Authorities

The District is a member of three joint powers agreements (JPAs), the San Diego County Schools Risk Management, The California Schools Voluntary Employee Benefits Program, and the San Diego County Schools' Fringe Benefits Consortium for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The JPAs 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 JPAs and the District are included in these statements. Audited financial statements are available from the JPAs directly.

## Q. Commitments and Contingencies

### 1. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

### 2. Litigation

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

### 3. Construction Commitments

As of June 30, 2025, the District had the following construction commitments:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Access Control	\$ 71,810	August 1, 2025

\*Expected date of completion subject to change

## **Rancho Santa Fe School District**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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### **R. Concentration Risk Related to Collective Bargaining Agreements**

As of June 30, 2025 approximately 75% of the District's employees are represented by one union, the Rancho Santa Fe Teachers Association (RSFTA). The agreement in effect for the 2024-25 fiscal year expired on June 30, 2025.

The District's reliance on a workforce that is predominantly unionized creates a concentration risk. If the District is unable to successfully negotiate new agreements before the expiration date, or if labor actions such as strikes or work stoppages occur, there could be a significant impact on the District's ability to provide essential services at current levels. Additionally, the outcome of future negotiations may result in increased personnel costs, which could affect the District's ability to meet its financial obligations as they come due.

As of the date of these financial statements, the District is in discussions with the union regarding contract renewals. Management has developed contingency plans to maintain critical operations in the event of a labor disruption. The District is also evaluating the potential financial impact of various negotiation outcomes and has included these considerations in its long-term financial planning.

Management believes that, while negotiations are ongoing, it is more likely than not that an event related to this concentration (such as a significant increase in personnel costs or a temporary disruption of services) could occur within the next twelve months. The District will continue to monitor developments and update its risk assessment as negotiations progress.

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

**S. Deferred Outflows of Resources**

The 2015 Refunding General Obligation Bonds issued July 2015 resulted in a loss on refunding. Based on the provisions of GASB 65, the loss on refunding is recorded as a deferred outflow of resources and is being amortized over the life of the bonds using the straight line method.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2025, is as follows:

Description	Beginning Balance	Additions/ Adjustments	Amortization	Ending Balance
Refunding Loss	\$ 1,815,222	\$ -	\$ 199,841	\$ 1,615,381
Pension Related				
CalSTRS	2,266,924	1,024,994	369,381	2,922,537
CalPERS	1,577,935	677,546	489,624	1,765,857
OPEB Related	419,002	89,475	163,342	345,135
Total Deferred Outflows of Resources	\$ 6,079,083	\$ 1,792,015	\$ 1,222,188	\$ 6,648,910

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Loss	Pension Related	OPEB Related	Total
2026	\$ 199,841	\$ 2,808,519	\$ 158,832	\$ 3,167,192
2027	199,841	858,908	57,404	1,116,153
2028	199,841	477,803	38,662	716,306
2029	199,841	199,083	17,149	416,073
2030	199,841	220,323	17,401	437,565
Thereafter	616,176	123,758	55,687	795,621
Total	\$ 1,615,381	\$ 4,688,394	\$ 345,135	\$ 6,648,910

**Rancho Santa Fe School District**  
Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2025

**T. Deferred Inflows of Resources**

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB statement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

In accordance with GASB Statement No. 87 the District has recorded deferred rent income as a deferred inflow of resources to be amortized over the life of the lease using the straight line method.

A summary of the deferred inflows of resources as of June 30, 2025, is as follows:

Description	Beginning Balance	Additions/ Adjustments	Amortization	Ending Balance
Pension Related				
CalSTRS	\$ 1,954,808	\$ 360,768	\$ 839,610	\$ 1,475,966
CalPERS	279,722	4,008	125,276	158,454
OPEB Related	172,337	-	58,749	113,588
Deferred Rent Income	240,740	-	14,091	226,649
Total Deferred Inflows of Resources	\$ 2,647,607	\$ 364,776	\$ 1,037,726	\$ 1,974,657

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Deferred Rent Income	Total
2026	\$ 1,071,549	\$ 54,640	\$ 14,836	\$ 1,141,025
2027	39,883	23,695	14,836	78,414
2028	217,500	5,686	14,836	238,022
2029	200,553	5,686	14,836	221,075
2030	104,935	5,686	14,836	125,457
Thereafter	-	18,195	152,469	170,664
Total	\$ 1,634,420	\$ 113,588	\$ 226,649	\$ 1,974,657

**U. Upcoming Accounting Guidance**

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Year Effective
GASB Statement No. 103 <i>Financial Reporting Model Improvements</i>	Apr-24	2025-26
GASB Statement No. 104 <i>Disclosure of Certain Capital Assets</i>	Sep-24	2025-26
GASB Implementation Guide No. 2025-1 <i>Implementation Guidance Update 2025 (Except Question 4.16)</i>	Jun-25	2025-26

The effects of the upcoming guidance and pronouncements on the District’s financial statements has not yet been determined.

Required Supplementary Information

# Rancho Santa Fe School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance to Final Budget Positive/ (Negative)
	Original	Final			
<b>Revenues</b>					
LCFF Sources					
State Apportionment	\$ 157,463	\$ 157,463	\$ -	\$ 157,463	\$ -
Education Protection Account	107,664	107,664	-	107,664	-
Property Taxes	12,704,835	13,047,814	342,979	13,041,989	(5,825)
Federal Revenue	229,967	185,511	(44,456)	187,578	2,067
Other State Revenue	1,583,523	988,831	(594,692)	963,462	(25,369)
Interest Income	100,000	120,000	20,000	166,835	46,835
Fair Market Value Adjustment	-	-	-	56,397	56,397
Other Local Revenue	1,692,560	1,682,639	(9,921)	1,699,725	17,086
Total Revenues	16,576,012	16,289,922	(286,090)	16,381,113	91,191
<b>Expenditures</b>					
Current Expenditures:					
Certificated Salaries	6,551,689	6,905,035	(353,346)	6,871,935	33,100
Classified Salaries	3,084,696	3,136,384	(51,688)	3,097,736	38,648
Employee Benefits	4,570,244	4,305,474	264,770	4,089,481	215,993
Books and Supplies	566,094	569,793	(3,699)	520,283	49,510
Services and Other Operating	2,027,273	2,021,345	5,928	1,790,082	231,263
Capital Outlay	2	718,847	(718,845)	664,353	54,494
Debt Service			-		
Principal	10,000	6,360	3,640	5,621	739
Interest	2,500	2,726	(226)	2,811	(85)
Total Expenditures	16,812,498	17,665,964	(853,466)	17,042,302	623,662
Excess (Deficiency) of Revenues Over Expenditures	(236,486)	(1,376,042)	(1,139,556)	(661,189)	714,853
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	818,847	818,847
Transfers Out	-	-	-	(300,000)	(300,000)
Net Financing Sources (Uses)	-	-	-	518,847	518,847
<b>Net Change in Fund Balance</b>	(236,486)	(1,376,042)	(1,139,556)	(142,342)	1,233,700
<b>Fund Balance - Beginning of Year</b>	3,243,160	3,243,160	-	3,243,160	-
<b>Fund Balance - End of Year</b>	\$ 3,006,674	\$ 1,867,118	\$ (1,139,556)	\$ 3,100,818	\$ 1,233,700

See Accompanying Notes to Required Supplementary Information

# Rancho Santa Fe School District

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

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.009680%	0.008955%	0.010096%	0.008752%	0.008100%	0.010758%	0.010754%	0.010559%	0.011209%	0.011752%
District's proportionate share of the net pension liability (asset)	\$ 6,501,310	\$ 6,820,192	\$ 7,015,277	\$ 3,982,791	\$ 7,861,262	\$ 9,716,365	\$ 9,883,678	\$ 9,764,989	\$ 9,066,354	\$ 7,912,097
State's proportionate share of the net pension liability (asset) associated with the District	2,982,678	3,256,633	3,439,543	2,952,963	5,588,460	4,548,393	5,427,666	5,715,279	5,071,251	4,316,809
<b>Total</b>	<b>\$ 9,483,988</b>	<b>\$ 10,076,825</b>	<b>\$ 10,454,820</b>	<b>\$ 6,935,754</b>	<b>\$ 13,449,722</b>	<b>\$ 14,264,758</b>	<b>\$ 15,311,344</b>	<b>\$ 15,480,268</b>	<b>\$ 14,137,605</b>	<b>\$ 12,228,906</b>
District's covered payroll*	6,358,414	5,383,990	6,445,325	6,082,043	5,294,655	5,782,598	5,711,310	5,582,758	5,569,264	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	102.25%	126.68%	108.84%	65.48%	148.48%	168.03%	173.05%	174.91%	162.79%	#DIV/0!
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Rancho Santa Fe School District

## Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,299,123	\$ 1,214,457	\$ 1,028,342	\$ 1,090,549	\$ 982,250	\$ 905,386	\$ 941,407	\$ 824,142	\$ 702,311	\$ 597,582
Contributions in relation to the contractually required contribution	<u>(1,299,123)</u>	<u>(1,214,457)</u>	<u>(1,028,342)</u>	<u>(1,090,549)</u>	<u>(982,250)</u>	<u>(905,386)</u>	<u>(941,407)</u>	<u>(824,142)</u>	<u>(702,311)</u>	<u>(597,582)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll*	\$ 6,801,691	\$ 6,358,414	\$ 5,383,990	\$ 6,445,325	\$ 6,082,043	\$ 5,294,655	\$ 5,782,598	\$ 5,711,310	\$ 5,582,758	\$ 5,569,264
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

\*Covered payroll on this schedule is based on the fiscal year.

## Rancho Santa Fe School District

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

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.012149%	0.011102%	0.011769%	0.011374%	0.011600%	0.012469%	0.011862%	0.013081%	0.013252%	0.013510%
District's proportionate share of the net pension liability (asset)	\$ 4,341,905	\$ 4,018,799	\$ 4,049,605	\$ 2,312,838	\$ 3,567,858	\$ 3,633,997	\$ 3,162,783	\$ 3,122,780	\$ 2,617,231	\$ 1,991,426
District's covered payroll*	\$ 2,396,331	\$ 1,921,880	\$ 1,827,351	\$ 1,633,169	\$ 1,689,919	\$ 1,745,006	\$ 1,581,669	\$ 1,680,098	\$ 1,604,744	\$ 1,502,430
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	181.19%	209.11%	221.61%	141.62%	211.13%	208.25%	199.96%	185.87%	163.09%	132.55%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Rancho Santa Fe School District

## Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 728,760	\$ 639,341	\$ 487,581	\$ 418,646	\$ 338,066	\$ 333,269	\$ 315,183	\$ 245,649	\$ 233,332	\$ 190,114
Contributions in relation to the contractually required contribution	<u>(728,760)</u>	<u>(639,341)</u>	<u>(487,581)</u>	<u>(418,646)</u>	<u>(338,066)</u>	<u>(333,269)</u>	<u>(315,183)</u>	<u>(245,649)</u>	<u>(233,332)</u>	<u>(190,114)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll*	\$ 2,694,122	\$ 2,396,331	\$ 1,921,880	\$ 1,827,351	\$ 1,633,169	\$ 1,689,919	\$ 1,745,006	\$ 1,581,669	\$ 1,680,098	\$ 1,604,744
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%

\*Covered payroll on this schedule is based on the fiscal year.

# Rancho Santa Fe School District

## Schedule of Changes in the District's Total OPEB Liability and Related Ratios – RSD Retiree Health Benefit Plan

Last Ten Fiscal Years\*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability:										
Service cost	\$ 42,413	\$ 24,179	\$ 24,697	\$ 23,814	\$ 29,871	\$ 24,857	\$ 36,345	\$ 35,286	N/A	N/A
Interest	62,394	67,405	69,456	60,521	46,728	53,837	50,409	51,934	N/A	N/A
Changes of benefit terms	-	(264,530)	-	-	-	-	-	-	N/A	N/A
Experience differences	-	177,494	-	220,032	-	(47,231)	-	-	N/A	N/A
Changes of assumptions	-	(57,997)	-	636	(234,153)	111,329	(77,923)	-	N/A	N/A
Benefit payments	(118,585)	(130,212)	(138,986)	(115,660)	(122,554)	(161,180)	(153,047)	(119,095)	N/A	N/A
Net change in total OPEB liability	(13,778)	(183,661)	(44,833)	189,343	(280,108)	(18,388)	(144,216)	(31,875)	N/A	N/A
Total OPEB liability - beginning	1,204,576	1,388,237	1,433,070	1,243,727	1,523,835	1,542,223	1,686,439	1,718,314	N/A	N/A
Total OPEB liability - ending	<u>\$ 1,190,798</u>	<u>\$ 1,204,576</u>	<u>\$ 1,388,237</u>	<u>\$ 1,433,070</u>	<u>\$ 1,243,727</u>	<u>\$ 1,523,835</u>	<u>\$ 1,542,223</u>	<u>\$ 1,686,439</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position:										
Contributions - employer	\$ 181,060	\$ 130,212	\$ 201,461	\$ 194,976	\$ 196,259	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net investment income	14,176	3,333	(18,422)	10,529	4,011	N/A	N/A	N/A	N/A	N/A
Benefit payments	(118,585)	(130,212)	(138,986)	(115,660)	(122,554)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(78)	(60)	(43)	(27)	(5)	N/A	N/A	N/A	N/A	N/A
Other expenses	-	-	-	-	(4)	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	76,573	3,273	44,010	89,818	77,707	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	214,808	211,535	167,525	77,707	-	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	<u>\$ 291,381</u>	<u>\$ 214,808</u>	<u>\$ 211,535</u>	<u>\$ 167,525</u>	<u>\$ 77,707</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability	<u>\$ 899,417</u>	<u>\$ 989,768</u>	<u>\$ 1,176,702</u>	<u>\$ 1,265,545</u>	<u>\$ 1,166,020</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position as a percentage of total OPEB liability	24.47%	17.83%	15.24%	11.69%	6.25%	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 6,083,122	\$ 5,442,889	\$ 5,328,692	\$ 5,188,605	\$ 4,217,952	\$ 5,056,484	\$ 8,010,544	\$ 7,989,660	N/A	N/A
Total OPEB liability as a percentage of covered payroll	14.79%	18.18%	22.08%	24.39%	27.64%	30.14%	19.25%	21.11%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Accompanying Notes to Required Supplementary Information

## Rancho Santa Fe School District

### Schedule of the District's Contributions – RSD Retiree Health Benefit Plan

Last Ten Fiscal Years\*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(118,585)</u>	<u>(130,212)</u>	<u>(138,986)</u>	<u>(115,660)</u>	<u>(122,554)</u>	<u>(161,180)</u>	<u>(153,047)</u>	<u>(119,095)</u>	N/A	N/A
Contribution deficiency (excess)	<u>\$ (118,585)</u>	<u>\$ (130,212)</u>	<u>\$ (138,986)</u>	<u>\$ (115,660)</u>	<u>\$ (122,554)</u>	<u>\$ (161,180)</u>	<u>\$ (153,047)</u>	<u>\$ (119,095)</u>	N/A	N/A
District's covered payroll	6,083,122	5,442,889	5,328,692	5,188,605	4,217,952	5,056,484	8,010,544	7,989,660	N/A	N/A
Contributions as a percentage of covered payroll	1.949%	2.392%	2.608%	2.229%	2.906%	3.188%	1.911%	1.491%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

# Rancho Santa Fe School District

Notes to Required Supplementary Information  
 For the Year Ended June 30, 2025

## A. Budgetary Comparison Schedule Reconciliation

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District’s Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not meet the definition of a special revenue fund and is therefore included with the General Fund for reporting purposes. The budgetary comparison schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below represents a reconciliation between the schedules:

General Fund - Basic Financial Statements Ending Fund Balance	\$ 9,492,725
Less Fund 17 Fund Balance	<u>(6,391,907)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 3,100,818</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ (267,434)
Less Fund 17 Net Change in Fund Balance	<u>125,092</u>
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ (142,342)</u>

## B. Excess of Expenditures Over Appropriations

As of June 30, 2025, the District’s expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>General Fund:</b>		
Debt Service - Interest	\$ 85	The District underestimated the portion of lease payments attributed to interest.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

## Rancho Santa Fe School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

### C. Schedule of District's Proportionate Share – CalSTRS

- Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
- Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies performed by CalSTRS.

### D. Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	2006 - 2010	2006 - 2010	2010 - 2015	2010 - 2015	2010 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.60%	7.60%	7.10%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.50%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
Reporting Period	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Measurement Date	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Valuation Date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Experience Study	2010 - 2015	2015 - 2018	2015 - 2018	2015 - 2018	2007 - 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.10%	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## Rancho Santa Fe School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

### E. Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalPERS Plan changed due to actuarial experience studies performed by CalPERS.

### F. Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	1997 - 2011	1997 - 2011	1997 - 2011	1997 - 2015	1997 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.65%	7.65%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
Reporting Period	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Measurement Date	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Valuation Date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Experience Study	1997 - 2015	1997 - 2015	2000 - 2019	2000 - 2019	2000 - 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.15%	7.15%	6.90%	6.90%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%	2.30%
Wage Growth (Average)	2.75%	2.75%	2.75%	2.75%	Varies by Age
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00 - 2.30%

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

## Rancho Santa Fe School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

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

- 1) Benefit Changes: The district had no benefit changes during the 2024-25 fiscal year.
- 2) Changes in Assumptions: Changes in assumptions reflect changes due to experience studies and updates to discount rates annually.
- 3) The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.13%
2019	3.62%
2020	3.13%
2021	5.00%
2022	5.00%
2023	5.00%
2024	5.25%
2025	5.25%

Additional information can be obtained by requesting a copy of the OPEB valuation from the District.

### H. Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis plus an amount determined by the board based on budgetary considerations through the CERBT OPEB Trust administered by CalPERS.

## Other Supplementary Information

# Rancho Santa Fe School District

Schedule of Average Daily Attendance

Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Certificate #9F3DB982		Certificate #97ECFD6	
	Original	Revised	Original	Revised
TK/K-3				
Regular ADA	180.42	N/A	181.23	N/A
Total TK/K-3	180.42	N/A	181.23	N/A
Grades 4-6				
Regular ADA	174.99	N/A	175.18	N/A
Total Grades 4-6	174.99	N/A	175.18	N/A
Grades 7-8				
Regular ADA	122.91	N/A	123.33	N/A
Total Grades 7-8	122.91	N/A	123.33	N/A
Total ADA	478.32	N/A	479.74	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

Average daily attendance 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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

# Rancho Santa Fe School District

## Schedule of Instructional Time

Year Ended June 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Kindergarten	36,000	49,570	0	49,570	180	0	180	Complied
1st Grade	50,400	56,660	0	56,660	180	0	180	Complied
2nd Grade	50,400	62,060	0	62,060	180	0	180	Complied
3rd Grade	50,400	62,060	0	62,060	180	0	180	Complied
4th Grade	54,000	62,060	0	62,060	180	0	180	Complied
5th Grade	54,000	62,060	0	62,060	180	0	180	Complied
6th Grade	54,000	62,060	0	62,060	180	0	180	Complied
7th Grade	54,000	62,060	0	62,060	180	0	180	Complied
8th Grade	54,000	62,060	0	62,060	180	0	180	Complied

The District did not request a J-13A waiver during the 2024-25 fiscal year.

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

- 1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
  - To pupils in Kindergarten 36,000 minutes
  - To pupils in grades 1 to 3 50,400 minutes
  - To pupils in grades 4 to 8 54,000 minutes
  - To pupils in grades 9 to 12 64,800 minutes
- 2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
  - EC §46112: Grades 1 to 3 230 minutes
  - EC §46113: Grades 4 to 8 240 minutes
  - EC §46114: Kindergarten 180 minutes
  - EC §46141: Grades 9 to 12 240 minutes

**Rancho Santa Fe School District**  
 Schedule of Financial Trends and Analysis  
 Year Ended June 30, 2025

General Fund	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues and Other Financing Sources	\$ 16,822,021	\$ 17,199,960	\$ 19,312,037	\$ 15,694,562
Expenditures and Other Financing Uses	<u>17,439,808</u>	<u>17,342,302</u>	<u>18,101,274</u>	<u>16,993,803</u>
Net Change in Fund Balance	<u>(617,787)</u>	<u>(142,342)</u>	<u>1,210,763</u>	<u>(1,299,241)</u>
Ending Fund Balance	<u>\$ 2,483,031</u>	<u>\$ 3,100,818</u>	<u>\$ 3,243,160</u>	<u>\$ 2,032,397</u>
Available Reserves (See Note 2)	<u>\$ 1,196,122</u>	<u>\$ 1,645,991</u>	<u>\$ 2,361,888</u>	<u>\$ 1,177,140</u>
Available Reserves as a Percentage of Total Outgo	<u>6.86%</u>	<u>9.49%</u>	<u>13.05%</u>	<u>6.93%</u>
Long Term Debt (See Note 3)	<u>\$ 25,896,309</u>	<u>\$ 28,356,154</u>	<u>\$ 30,562,735</u>	<u>\$ 32,473,712</u>
Average Daily Attendance at P2	<u>475</u>	<u>478</u>	<u>510</u>	<u>539</u>

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.

The general fund balance has increased by \$1,068,421 (52.57%) over the past two years. The fiscal year 2025-26 budget projects a decrease of \$617,787 (19.92%). For a district of this size, the State recommends available reserves of 4% of total general fund expenditures and other financing uses (total outgo), or \$88,000 whichever is greater.

Total long-term debt has decreased by \$4,117,558 (12.68%) over the past two years.

Average daily attendance (ADA) has decreased by 61 (11.3%) over the past two years.

## Rancho Santa Fe School District

Schedule of Financial Trends & Analysis, Continued

For the Year Ended June 30, 2025

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### Notes:

1. AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:
  - a) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
  - b) The supplementary information relates to the same period as the financial statements.
  - c) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
  - d) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the District.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. Long term debt consists of general obligation bonds and leases payable.
4. GASB Statement No. 54 requires the inclusion of the Special Reserve Fund for Other Than Capital Outlay (Fund 17) with the General Fund for reporting purposes only. This schedule has been prepared without the inclusion of Fund 17.

# Rancho Santa Fe School District

## Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2025

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	General Fund (Fund 01)	Special Reserve Fund for Other than Capital Outlay (Fund 17)
	<u>                    </u>	<u>                    </u>
June 30, 2025, annual financial and budget report fund balances	\$ 3,100,818	\$ 6,391,907
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 Fund Presentation	<u>6,391,907</u>	<u>(6,391,907)</u>
Net adjustments and reclassifications	<u>6,391,907</u>	<u>(6,391,907)</u>
June 30, 2025, audited financial statement fund balances	<u>\$ 9,492,725</u>	<u>\$ -</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

## **Rancho Santa Fe School District**

Schedule of Charter Schools

Year Ended June 30, 2025

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As of June 30, 2025, the District is not a sponsoring local educational agency for any charter schools.

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

## Other Information

# Rancho Santa Fe School District

Local Education Agency Organization Structure

June 30, 2025

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The Rancho Santa Fe School District was established in 1927. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating one elementary school for kindergarten through grade five and one middle school for grades six through eight.

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## GOVERNING BOARD

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<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Jee Manghani	President	Four Year Term Expires November 2026
Kerry Vinci	Vice President	Four Year Term Expires November 2028
Kate Butler	Clerk	Four Year Term Expires November 2028
Paul Seitz	Member	Four Year Term Expires November 2026
Annette Ross	Member	Four Year Term Expires November 2028

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## ADMINISTRATION

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Kim Pinkerton  
Superintendent

Allison Oppeltz  
Director of Finance

## Other Independent Auditors' Reports

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

To the Board of Education  
Rancho Santa Fe School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Rancho Santa Fe School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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



El Cajon, California  
December 1, 2025

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

To the Board of Education  
Rancho Santa Fe School District

**Report on Compliance for Applicable State Programs**

**Opinion on Each Applicable State Program**

We have audited the Rancho Santa Fe School District's (the District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2025.

**Basis for Opinion on Each Applicable State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each applicable state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District’s internal control over state 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 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following programs:

<b><u>Local Education Agencies Other than Charter Schools</u></b>	<b><u>Procedures Performed</u></b>
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. <i>(Reserved)</i> .....	N/A
D. Independent Study.....	N/A
E. Continuation Education.....	N/A
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. <i>(Reserved)</i> .....	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
TT. Home to School Transportation Reimbursement.....	Yes

<b>School Districts, County Offices of Education, and Charter Schools</b>		<b>Procedures Performed</b>
T.	Proposition 28 Arts & Music in Schools.....	Yes
U.	After/Before School Education and Safety Program.....	N/A
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	N/A
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	N/A
CZ.	Career Technical Education Incentive Grant.....	N/A
DZ.	Expanded Learning Opportunities Program (ELO-P).....	Yes
EZ.	Transitional Kindergarten.....	N/A
FZ.	Kindergarten Continuance.....	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Immunizations because the school site for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 and which are described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003. Our opinion on each applicable state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over State Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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

We did not identify any material weaknesses in internal controls over compliance. However, material weaknesses in internal control over state compliance may exist that were not identified.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002 and 2025-003 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.



El Cajon, California  
December 1, 2025

## Auditor's Results, Findings & Recommendations

**Rancho Santa Fe School District**

Schedule of Auditor's Results

Year Ended June 30, 2025

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	<u>        </u> Yes	<u>  X  </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<u>        </u> Yes	<u>  X  </u> No
Noncompliance material to financial statements noted?	<u>        </u> Yes	<u>  X  </u> No

**STATE AWARDS**

Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	<u>        </u> Yes	<u>  X  </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<u>  X  </u> Yes	<u>        </u> No
Any audit findings disclosed that are required to be reported in accordance with <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies?</i>	<u>  X  </u> Yes	<u>        </u> No

**Rancho Santa Fe School District**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

**A. Financial Statement Findings**

None

**B. State Award Findings**

Finding Number: 2025-001  
 Repeat Finding: No  
 Description: Attendance Verification  
 Type of Finding: Attendance (10000)  
 Internal Control Over Compliance (30000)

Criteria or Specific Requirement

Education Code §48200 establishes a requirement that parents/guardians are responsible for their child’s attendance and must ensure their child attends school.

Education Code §48205 establishes criteria for when a student’s absence is excused.

Education Code §48320 establishes a school attendance review board which evaluates school attendance problems and determines course of action to take when there are truancies or significant unexcused absences.

School districts should maintain accurate and verifiable attendance records. Absence reporting systems should ensure that only authorized individuals (e.g., parents or guardians) can report student absences and that the reason for each absence is documented and verifiable.

# Rancho Santa Fe School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2025

---

## Condition

Absences can be reported through the District’s online portal without authentication or verification of the identity of the person submitting the absence. As a result, the District cannot verify whether absences are being reported by authorized individuals or whether the reasons for absences are accurate and compliant with district policy and education code.

## Potential Fiscal Impact

None

## Cause

The online absence reporting system lacks authentication controls.

## Effect

There is an increased risk that absences may be reported by unauthorized individuals or for reasons that do not comply with district or state requirements.

## Context

The finding was identified as a result of reviewing the District’s absence verification process as an internal control over attendance reporting. Additional procedures were performed in verifying teacher records to attendance reported. We did not identify any inappropriately reported average daily attendance.

## Recommendation

Implement authentication controls in the online absence reporting system to ensure that only authorized individuals (e.g., parents or guardians) can report absences. Require a specific reason for each absence and, where appropriate, supporting documentation. Provide training to staff on verifying and documenting absences in accordance with state and district requirements. Conduct periodic reviews of absence records to ensure compliance.

## Views of Responsible Officials

See Corrective Action Plan

Finding Number: 2025-002  
Repeat Finding: No  
Description: Home to School Transportation Reimbursement  
Type of Finding: Internal Control Over Compliance (30000)  
State Compliance (40000)

## Criteria or Specific Requirement

Education Code §41850.1 and California Department of Education (CDE) requirements mandate that all local education agencies (LEAs) receiving Home-to-School Transportation Reimbursement must submit the required transportation data through the California Basic Educational Data System (CBEDS) Home-to-School Transportation Reimbursement Supplemental worksheet in October each year.

# Rancho Santa Fe School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2025

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## Condition

The district did not submit the required transportation plan and related data through the CBEDS system by the October deadline established by the CDE.

## Potential Fiscal Impact

Not applicable, as this finding relates to a compliance requirement rather than a quantifiable financial impact.

## Cause

The District was eligible for transportation reimbursement funding for the first time during the fiscal year ended June 30, 2025. The District was unaware of the reporting requirement through the CBEDS system until after the window for reporting had closed.

## Effect

Failure to submit the required transportation data through the CBEDS system may result in incomplete or inaccurate statewide educational data, and noncompliance with state reporting requirements.

## Context

During the year ended June 30, 2025 the CBEDS system only allowed for the transportation reimbursement program reporting in the October submission. Subsequent to year end, the CBEDS system updated to allow for reporting in October or in later submissions during the year.

## Recommendation

We recommend that the District implement procedures to ensure timely and accurate submission of all required transportation data through the CBEDS system in accordance with CDE requirements.

## Views of Responsible Officials

See Corrective Action Plan

Finding Number:	2025-003
Repeat Finding:	Yes
Description:	Expanded Learning Opportunities Program (ELO-P)
Type of Finding:	Internal Control Over Compliance (30000) State Compliance (40000)

## Criteria or Specific Requirement

Education Code §46120 requires a District receiving ELO-P funding to operate a program for students that extends the school day to nine hours on every school day as well as provide an additional 30 supplemental days.

Education Code §8483.4 requires that all personnel working or volunteering in a before or after school program be subject to the health screening and fingerprinting clearance requirements in current law and District policy.

# Rancho Santa Fe School District

Schedule of Findings and Questioned Costs, Continued  
 Year Ended June 30, 2025

Condition

In our review of ELO-P, we noted that the District did not operate a program that extended the school day to nine hours on every school day and did not offer 30 supplemental days to students. The District operated the program for only half of the school year. In addition, we identified a parent volunteer in the program that did not have fingerprinting or health screening consistent with requirements.

Potential Fiscal Impact

The District is subject to penalty calculated as follows:

LEA Funding Rate	Rate 2
ELO-P Entitlement	\$ 71,765
<b>Section A - Offering &amp; Access</b>	
Total Classroom-Based Enrollment, Grades TK/K-6	515
Total Classroom-Based UPC, Grades TK/K-6	56
Students Eligible for ELO-P Offering and Access	56
Number of Eligible Students Not Offered and Provided Access to ELO-P	-
Proportion Penalty Factor	-
ELO-P Offering and Access Penalty [EC §46120(c)(2)]	\$ -
<b>Section B - Days</b>	
Instructional Days	180
ELO-P offered instructional days totaling 9 hours [EC §46120(b)(1)(A)] or ELO-P offered instructional days totaling 8 hours for frontier designated school [EC §46120(b)(1)(C) & (g)(2)]	92
Required Intersession ELO-P days	30
Actual ELO-P intersession days totaling 8 hours for frontier designated school	0
ELO-P Days Short	118
Penalty Factor	0.0048
Penalty Calculation	\$ 40,648
<b>Total Penalty</b>	<b>\$ 40,648</b>

Cause

The District did not operate a program for the entire year due to low interest among the student population.

Effect

The District was out of compliance with Education Code §46120.

Context

ELO-P was established by legislature to ensure every student in California had an opportunity to participate in extended services that provide for a safe environment and enrichment programs. It is the intent of legislature that the expanded learning programs be student-centered, results driven, include community partners, and complement, but not replicate learning activities of the regular school day. The District has opted out of the program for the 2025-26 fiscal year.

## **Rancho Santa Fe School District**

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2025

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### Recommendation

The District should develop and implement a comprehensive compliance framework to ensure compliance to all state or federal programs established and mandated by legislation. This should include documented policies and procedures for programs to combat low student interest in mandated programs to mitigate the risk of noncompliance.

### Views of Responsible Officials

See Corrective Action Plan



# Rancho Santa Fe School District

P.O. Box 809, Rancho Santa Fe, CA 92067 (858) 756-1141 Fax (858) 759-0912 <http://rsfschool.net>

## Board of Trustees

President  
Jee Manghani

Vice President  
Kerry Vinci

Clerk  
Kate Butler

Member  
Annette Ross

Member  
Paul Seitz

Superintendent  
Kim Pinkerton

November 22, 2025

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Kim Pinkerton  
Superintendent

## Corrective Action Plans for Period Ending June 30, 2025

**Finding Number: 2025-001**

**Audit Finding: Attendance Verification Procedures**

### Finding Summary

The audit identified that the District's attendance verification procedures did not consistently meet state requirements for ensuring that student absences are properly reported and authenticated by a parent or legal guardian.

### Specific Issue

Absences can be reported through the District's online portal without authentication or verification of the identity of the person submitting the absence. As a result, the District cannot verify whether absences are being reported by authorized individuals or whether the reasons for the absences are accurate and comply with district policy and the education code.

### Audit Recommendation

Implement authentication controls in the online absence reporting system to ensure that only authorized individuals (e.g., parents or guardians) can report absences. Require a specific reason for each absence and, where appropriate, supporting documentation. Provide staff training on verifying and documenting absences in accordance with state and district requirements. Conduct periodic reviews of absence records to ensure compliance.

### Corrective Action Plan

#### 1. Corrective Action Taken

To address the finding and strengthen attendance verification practices across the District, we have implemented the following corrective measures:

##### ***a. ParentSquare Attendance Verification***

The District has adopted a standardized digital attendance verification process through ParentSquare, our districtwide communication platform. Parents and guardians are now required to log in to their authenticated ParentSquare account to report and verify student absences.

- This login requirement ensures that only authorized users can submit attendance information.
- ParentSquare automatically records the identity of the verifying user, the submission time, and the reported absence details, creating a secure, uniform verification log.

##### ***b. Attendance Verification Hotline***

To ensure accessibility and accommodate families who may be unable to use ParentSquare, the District has also implemented a dedicated Attendance Verification Hotline.

- Parents/guardians may call the hotline to report and verify absences. Calls are logged and documented by office staff, including caller identification, date/time, and absence details.
- This provides an approved secondary method of verification while maintaining required documentation procedures.

## **2. Procedures Implemented to Prevent Recurrence**

- Office staff have been trained on new protocols for accepting, documenting, and retaining ParentSquare and hotline verification records.
- Periodic internal reviews will be conducted to ensure ongoing compliance.

**3. Anticipated Completion Date:** All corrective actions were fully implemented as of 10/8/2025, with ongoing monitoring throughout the 2025–26 school year.

## **Finding Number: 2025-002**

### **Audit Finding: Home-to-School Transportation Reimbursement**

#### **Finding Summary**

The audit identified that the District did not have an approved Home-to-School Transportation Plan in place as required, due in part to the District serving only a couple of families who qualify for transportation services. As a result, the District was not fully aware of the requirements for adopting and maintaining a formal plan.

Education Code §41850.1 and California Department of Education (CDE) requirements mandate that all local education agencies (LEAs) receiving Home-to-School Transportation Reimbursement must submit the required transportation data through the California Basic Educational Data System (CBEDS) Home-to-School Transportation Reimbursement Supplemental worksheet in October each year.

#### **Specific Issue**

The district did not submit the required transportation plan and related data through the CBEDS system by the CDE-established October deadline.

#### **Corrective Action Plan**

##### **1. Corrective Action Taken**

To address the finding and ensure full compliance with state requirements, the District implemented the following corrective measures:

##### ***a. Adoption of Transportation Plan and CBEDS Data***

The District developed and adopted a comprehensive Home-to-School Transportation Plan, which the Board of Trustees formally approved in August 2024 for the 24/25 School Year. The Board of Trustees formally approved a comprehensive 25/26 HTS Transportation plan for the 25/26 School Year on March 13, 2025 (before the April 1st deadline).

- The plan includes all components required under state law.
- Adoption ensures the District is aligned with current reimbursement and reporting regulations.

##### ***b. Establishment of Ongoing Approval Cycle***

The District has established a clear annual cycle for reviewing and approving subsequent Transportation Plans and CBEDS Data.

- Staff now understand the requirements and timelines associated with plan development and board adoption.
- The District is now on the correct schedule for timely submission and approval, moving forward with both the Transportation Plan and October's CBEDS submission.

##### **2. Procedures Implemented to Prevent Recurrence**

- Staff responsible for transportation reporting have reviewed applicable state guidelines and received updated training on plan requirements.
- Staff responsible for CBEDS data submission in Oct. have reviewed applicable state guidelines.
- Annual review procedures have been added to the District's internal compliance calendar to ensure timely preparation and Board approval. The Transportation Plan development timeline is now incorporated into cabinet and board planning schedules.

### **3. Anticipated Completion Date**

All corrective actions were completed with the Board's adoption of the Transportation Plan in August 2024, and the District is now maintaining an ongoing annual compliance cycle. The CBEDS data was submitted by the October 2025 deadline.

## **Finding Number: 2025-003**

### **Audit Finding: Expanded Learning Opportunities Program (ELO-P)**

#### **Finding Summary**

The audit identified that the District did not operate an Expanded Learning Opportunities Program (ELO-P) in alignment with the expectations outlined in Education Code 46120 during the review period.

#### **Specific Issue**

The District did not operate a program that extended the school day to 9 hours on every school day, nor did it offer 30 supplemental days to students. The District operated the program for only half of the school year. In addition, the auditor identified a parent volunteer in the program who did not have fingerprinting or health screening that met the requirements.

#### **Corrective Action Plan**

##### **1. Corrective Action Taken**

The Rancho Santa Fe School District made a good-faith effort to implement the ELOP program beginning in 2022. The District offered a variety of enrichment opportunities and, during planning, anticipated enough student participation to justify ongoing implementation; however, actual participation did not support continuation of the program:

- 45 students who qualify under UPP were offered to join our ELOP programming for the second half of the 24-25 school year. Over multiple sessions, the program averaged 11 students, despite broad outreach and multiple enrichment offerings.
- The cost to operate the program far exceeded participation, resulting in expenses that were not sustainable for the District; the initial setup and staffing costs were significantly disproportionate to program usage.
- The District's demographics also contributed to low engagement, as the majority of students already participate in extensive extracurricular activities outside of school.
- The District continued to support its unduplicated pupils by funding participation for the one UPP student who expressed interest, using ELOP funds responsibly throughout 2022–23, 2023–24, and the first half of 2024-25.

Beginning in the 2025–2026 school year, the state will transition ELOP from a mandated program to an optional program, requiring districts to opt out if they choose not to operate ELOP annually.

After evaluating participation rates, cost, staffing logistics, and the District's ability to meet the program intent with such limited demand, the District determined it will not opt in to operate ELOP for the 2025–26 school year.

This decision ensures that the District remains fiscally responsible while continuing to provide high-quality, no-cost enrichment such as music, athletics, and robotics for all students.

## 2. Steps to Ensure Compliance Going Forward

### A. Annual Review and Declaration of Intent

- The Superintendent and Board of Trustees will annually review ELOP requirements, enrollment patterns, unduplicated pupil needs, and fiscal impact.
- The District will formally decline to opt into ELOP each year unless circumstances change and participation levels justify program operation.

### B. Continued Support for Unduplicated Pupils

- Although the District is not opting into ELOP, it remains committed to equitable access.
- The District will continue to identify and support enrichment opportunities for unduplicated pupils through existing programs, local partnerships, or other funding sources when available.

### C. Maintenance of Alternative Enrichment Opportunities

- The District continues to provide robust programming at no cost to families, including:
  - Before-school music (band, choir, orchestra)
  - After-school athletics
  - After-school robotics
- These programs consistently attract strong participation and align with District goals for enrichment and student engagement.

## 3. Timeline

- 2022–2024: Attempted implementation of ELOP; average participation of 11 students; costs exceeded program benefit.
- 2024–25: District review of participation and sustainability.
- 2025–26: ELOP becomes optional; District elects not to opt in.
- Beyond 2025–26: Annual review of ELOP requirements and student needs.

## 4. Evaluation and Accountability

The Superintendent will report annually to the Board on student access to enrichment programs, unduplicated pupil participation in existing programs, and any changes to state ELOP requirements. This ensures transparency, compliance, and continued alignment with the District's students' needs.

# Rancho Santa Fe School District

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2025

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Finding/Recommendation	Status	Explanation if Not Implemented
<p><b>Finding 2024-001</b> <b>Instructional Materials</b></p> <p><u>Condition</u> In our review of the notice of public hearing for the determination of sufficiency of instructional materials, we noted that the District did not post the public hearing notice in three public locations. In addition, we noted that the public hearing was held on September 15, 2023 at 8:30 AM which is during school hours.</p> <p><u>Recommendation</u> The District should schedule public hearings for board meetings that take place during a time that will encourage the participation of teachers and parents/guardians of students. Additionally, the District should establish a procedure to post the notice of public hearing in three public locations.</p>	Implemented	
<p><b>Finding 2024-002</b> <b>Comprehensive School Safety Plan</b></p> <p><u>Condition</u> In our review of the comprehensive school safety plan, we noted that the 2023-24 update was not completed and approved until April 30, 2024 which did not meet the requirement to review and update by March 1<sup>st</sup> annually.</p> <p><u>Recommendation</u> The District should establish a timeline for reviewing and updating the comprehensive school safety plan annually that allows the District to get the plan approved prior to March 1<sup>st</sup> each year.</p>	Implemented	

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# Rancho Santa Fe School District

Schedule of Prior Year Audit Findings, Continued  
For the Year Ended June 30, 2025

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<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
<p><b>Finding 2024-003</b> <b>ELO-P</b></p> <p><u>Condition</u> In our review of ELO-P, we noted that the District did not operate a program that extended the school day to nine hours and did not offer 30 supplemental days to students.</p> <p><u>Recommendation</u> Establish an after school and summer enrichment program that will encourage participation of students. The program should focus on developing the academic, social, emotional, and physical needs of interest of students through hands-on, engaging learning experiences.</p>	Not Implemented	See Finding 2025-003