

Financial Statements
June 30, 2025

**South San Francisco
Unified School District**

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Independent Auditor's Report

To the Governing Board
South San Francisco Unified School District
South San Francisco, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the South San Francisco Unified School District, as of June 30, 2025 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

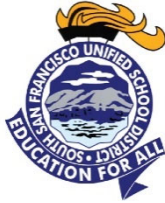
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 3, 2025



SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SUPERINTENDENT

Shawnterra Moore, Ed.D.

BOARD OF TRUSTEES

Amanda Anthony
Chialin Hsieh
Daina R. Lujan
Patricia A. Murray
Mina A. Richardson

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for governmental activities.

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

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

The Primary unit of the government is the South San Francisco Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

Total Net Position increased 67.5% over the course of the year. Overall revenues were \$245,223,111, \$44,507,569 more than expenses. The total cost of basic programs was \$200,715,542.

THE DISTRICT AS A WHOLE

Net Position

The District's Net Position was \$81,452,928 for the fiscal year ended June 30, 2025. Of this amount, \$(48,100,754) was unrestricted deficit. Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that Net Position for day-to-day operations. Our analysis below, in summary form, focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2025	2024*
Assets		
Current and other assets	\$ 337,515,410	\$ 311,449,131
Capital assets	189,471,417	188,513,007
Total assets	526,986,827	499,962,138
Deferred outflows of resources	39,465,610	41,648,672
Liabilities		
Current liabilities	14,814,883	13,058,825
Long-term liabilities	445,480,300	461,816,154
Total liabilities	460,295,183	474,874,979
Deferred inflows of resources	24,704,326	18,114,281
Net Position		
Net investment in capital assets	49,341,705	32,557,472
Restricted	80,211,977	71,695,348
Unrestricted (deficit)	(48,100,754)	(55,631,270)
Total net position	\$ 81,452,928	\$ 48,621,550

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

The \$(48,100,754) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations. Unrestricted deficit - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by 13.5% (\$48,100,754) compared to (\$55,631,270).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	\$ 2,769,148	\$ 1,264,608
Operating grants and contributions	47,648,893	39,506,857
General revenues		
Federal and State aid not restricted	7,867,018	8,126,707
Property taxes	177,628,961	169,865,220
Other general revenues	9,309,091	5,433,238
Total revenues	<u>245,223,111</u>	<u>224,196,630</u>
Expenses		
Instruction-related	128,482,773	132,970,113
Pupil services	26,859,033	24,729,507
Administration	9,973,985	8,783,778
Plant services	21,798,848	17,880,133
All other services	13,600,903	14,130,120
Total expenses	<u>200,715,542</u>	<u>198,493,651</u>
Change in net position	<u>\$ 44,507,569</u>	<u>\$ 25,702,979</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$200,715,542. The amount that our taxpayers ultimately financed for these activities through local taxes was only \$177,628,961. The District also collected \$2,769,148 in charges for services from those that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of \$47,648,893. We paid for the remaining "public benefit" portion of our governmental activities with \$17,176,109 in unrestricted State and Federal funds, and with other revenues and other entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	\$ 128,482,773	\$ 132,970,113	\$ (111,754,378)	\$ (113,798,769)
Pupil services	26,859,033	24,729,507	(19,794,021)	(16,908,307)
Administration	9,973,985	8,783,778	(9,027,360)	(8,197,824)
Plant services	21,798,848	17,880,133	(12,952,800)	(14,420,910)
All other services	13,600,903	14,130,120	3,231,058	(4,396,376)
Total	<u>\$ 200,715,542</u>	<u>\$ 198,493,651</u>	<u>\$ (150,297,501)</u>	<u>\$ (157,722,186)</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$324,932,047, which is an increase of \$23,814,745 or 7.9% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General Fund	\$ 82,577,421	\$ 192,397,658	\$ 176,841,387	\$ 98,133,692
Student Activity Fund	983,359	1,447,024	1,506,493	923,890
Adult Education Fund	1,755,259	1,911,340	1,930,190	1,736,409
Child Development Fund	1,177,680	5,307,027	4,545,556	1,939,151
Cafeteria Fund	2,211,997	5,613,644	5,337,416	2,488,225
Deferred Maintenance Fund	13,184,505	2,993,288	2,064,079	14,113,714
Building Fund	160,854,661	9,678,032	8,372,262	162,160,431
Capital Facilities Fund	8,863,684	2,758,502	5,239	11,616,947
County School Facilities Fund	33	2	-	35
Special Reserve Fund for Capital Outlay Projects	5,387,745	4,982,706	3,094,125	7,276,326
Bond Interest and Redemption Fund	24,120,958	91,443,947	91,021,678	24,543,227
Total	<u>\$ 301,117,302</u>	<u>\$ 318,533,170</u>	<u>\$ 294,718,425</u>	<u>\$ 324,932,047</u>

The primary reasons for these increases/decreases are:

- The General Fund balance increase of \$15,556,271 is due to a net increase in property taxes and RDA revenue, increased in revenue from new one-time Federal and State grants, unspent one-time stimulus funds carried over from the prior year, reimbursement from litigation settlement, and increased in local grants and donations.
- Student Activity Fund balance decreased by \$59,469 due to a decrease in school fundraising activities.
- Child Development Fund balance increased by \$761,471 due to some one-time Federal and State Grants.
- Deferred Maintenance Fund balance increased by \$929,209 due to additional contribution to this fund.
- Building Fund balance increase of \$1,305,770 is due to receipt of interest on the bond funds in the reserve.
- Special Reserve Fund for Capital Outlay Projects Fund balance increase of \$1,888,581 is due to a net increase in the RDA pass-through funds and a decrease in one-time facility projects.
- Adult Education Fund balance decreased by \$18,850 due to an increase in expenditures.
- Cafeteria Fund increased by \$276,228 due to an increase in student participation in the school meals program, which increased reimbursement from the State.
- Capital Facilities Fund increase of \$2,753,263 is due to increased developer fees collected and increased interest received from investments.
- Bond Interest and Redemption Fund balance increased by \$422,269. This fund is relatively stable as it serves as a holding fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 30, 2025. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 62).

- The District received approximately \$1.2 million in Golden State Pathway grants.
- District received a \$269 thousand in various State grants student behavior health incentive local grant.
- Contributions to Deferred Maintenance of \$2.3 million for facilities upkeep.
- Received new State allocation of \$1.2 million for transportation expense reimbursement.

- The District received \$5.8 million from litigation settlement that reimburses the district for funds advanced in the past to help with the settlement.
- The District settled negotiation with its teacher's employee bargaining units in 2024-2025 for the next three years and provided on-going salary increases of 4.5% (2025-2026), 3.5% (2026-2027), and 4% (2027-2028) to support its employees.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$189,471,417 in a broad range of capital assets (net of depreciation and amortization). This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$958,410, or 0.5%, from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 18,928,233	\$ 23,084,713
Buildings and improvements	165,670,626	162,027,206
Furniture and equipment	3,610,535	2,573,214
Right-to-use leased assets	88,851	5,633
Right-to-use subscription IT	1,173,172	822,241
Total	<u>\$ 189,471,417</u>	<u>\$ 188,513,007</u>

Additional information about our capital assets can be found in the notes to the financial statements.

Several capital projects were planned for the 2024-2025 year. We expended \$14,663,594 for capital additions for the 2024-2025 year.

Long-Term Liabilities

At June 30, 2025, the District had \$445,480,300 in long-term liabilities outstanding versus \$461,816,154 last year, a decrease of 3.5%. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	\$ 286,600,906	\$ 306,944,324
Unamortized debt premiums	14,228,913	11,290,050
Finance purchase agreement	2,340,000	2,560,000
Leases	90,224	5,678
Subscription-based IT arrangements	510,089	285,703
Compensated absences	13,383,248	1,683,421
Other postemployment benefits liability	22,007,360	24,787,620
Aggregate net pension liability	106,319,560	114,259,358
Total	<u>\$ 445,480,300</u>	<u>\$ 461,816,154</u>

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

Additional information our long-term liabilities can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The key assumptions in our revenue forecast are:

Lottery and Mandated Block Grant revenues are budgeted.

1. Carryover of unspent categorical funds from prior year is budgeted.
2. Other revenue categories were also adjusted as grants became available from the Federal, State, and local agencies.
3. Gift and donations are budgeted when they are received.
4. General Fund contributions to the Special Education program and transportation are budgeted.

Expenditures are based on the following forecasts:

1. District's contribution to the State Teacher Retirement System (CalSTRS) remain flat at 19.10%; the District's contribution to the Public Employee Retirement System (CalPERS) decreased from 27.05% to 26.81% of the employees' gross payroll.
2. Budget expenditures were adjusted in accordance to the increase in categorical program revenues.
3. Budget for unspent categorical programs (entitlements) with fund balance from the prior year were increased.
4. Other expenditure categories were adjusted to cover any unexpected changes during the year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent of Business Services at South San Francisco Unified School District, 398 B Street, South San Francisco, California 94080.

South San Francisco Unified School District

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 325,462,643
Receivables	10,885,382
Prepaid expense	115,644
Stores inventories	151,928
Lease receivable	899,813
Capital assets not depreciated or amortized	18,928,233
Capital assets, net of accumulated depreciation and amortization	<u>170,543,184</u>
Total assets	<u>526,986,827</u>
Deferred Outflows of Resources	
Deferred charge on refunding	246,305
Deferred outflows of resources related to OPEB	3,079,556
Deferred outflows of resources related to pensions	<u>36,139,749</u>
Total deferred outflows of resources	<u>39,465,610</u>
Liabilities	
Accounts payable	10,495,731
Interest payable	3,067,682
Unearned revenue	1,251,470
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	18,881,050
OPEB liability due within one year	825,303
Long-term liabilities other than OPEB and pensions due in more than one year	298,272,330
Other postemployment benefits (OPEB) liability due in more than one year	21,182,057
Aggregate net pension liability	<u>106,319,560</u>
Total liabilities	<u>460,295,183</u>
Deferred Inflows of Resources	
Deferred charge on refunding	2,055,387
Deferred inflows of resources related to OPEB	12,419,338
Deferred inflows of resources related to pensions	9,393,439
Deferred inflows of resources related to leases	<u>836,162</u>
Total deferred inflows of resources	<u>24,704,326</u>
Net Position	
Net investment in capital assets	49,341,705
Restricted for	
Debt service	21,475,545
Capital projects	11,616,982
Educational programs	41,827,343
Other activities	5,292,107
Unrestricted	<u>(48,100,754)</u>
Total net position	<u>\$ 81,452,928</u>

South San Francisco Unified School District

Statement of Activities Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
				Governmental Activities
Governmental Activities				
Instruction	\$ 108,564,488	\$ 191,215	\$ 14,152,118	\$ (94,221,155)
Instruction-related activities				
Supervision of instruction	5,608,340	21,127	670,252	(4,916,961)
Instructional library, media, and technology	3,763,852	16	10,094	(3,753,742)
School site administration	10,546,093	29,495	1,654,078	(8,862,520)
Pupil services				
Home-to-school transportation	2,819,688	-	4,857	(2,814,831)
Food services	5,136,293	228,821	5,185,393	277,921
All other pupil services	18,903,052	16,355	1,629,586	(17,257,111)
Administration				
All other administration	9,973,985	23,822	922,803	(9,027,360)
Plant services	21,798,848	592,221	8,253,827	(12,952,800)
Ancillary services	1,506,493	-	1,447,025	(59,468)
Community services	109,255	-	-	(109,255)
Interest on long-term liabilities	11,096,866	-	-	(11,096,866)
Other outgo	888,289	1,666,076	13,718,860	14,496,647
Total governmental activities	<u>\$ 200,715,542</u>	<u>\$ 2,769,148</u>	<u>\$ 47,648,893</u>	<u>(150,297,501)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				146,962,290
Property taxes, levied for debt service				25,930,275
Taxes levied for other specific purposes				4,736,396
Federal and State aid not restricted to specific purposes				7,867,018
Interest and investment earnings				8,722,332
Miscellaneous				586,759
Subtotal, general revenues and subventions				<u>194,805,070</u>
Change in Net Position				44,507,569
Net Position - Beginning, as previously reported				48,621,550
Adjustments (Note 16)				(11,676,191)
Net Position - Beginning, as restated				<u>36,945,359</u>
Net Position - Ending				<u>\$ 81,452,928</u>

South San Francisco Unified School District

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 102,594,416	\$ 162,302,433	\$ 24,332,735	\$ 36,233,059	\$ 325,462,643
Receivables	7,410,936	1,636,680	210,492	1,627,274	10,885,382
Due from other funds	1,290,539	-	-	4,806,547	6,097,086
Prepaid expenditures	115,319	325	-	-	115,644
Stores inventories	45,674	-	-	106,254	151,928
Lease receivable	899,813	-	-	-	899,813
Total assets	\$ 112,356,697	\$ 163,939,438	\$ 24,543,227	\$ 42,773,134	\$ 343,612,496
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 8,061,825	\$ 1,722,261	\$ -	\$ 711,645	\$ 10,495,731
Due to other funds	4,765,458	56,746	-	1,274,882	6,097,086
Unearned revenue	559,560	-	-	691,910	1,251,470
Total liabilities	13,386,843	1,779,007	-	2,678,437	17,844,287
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	836,162	-	-	-	836,162
Fund Balances					
Nonspendable	191,134	325	-	107,254	298,713
Restricted	41,827,343	162,160,106	24,543,227	16,909,089	245,439,765
Committed	-	-	-	15,802,028	15,802,028
Assigned	37,654,767	-	-	7,276,326	44,931,093
Unassigned	18,460,448	-	-	-	18,460,448
Total fund balances	98,133,692	162,160,431	24,543,227	40,094,697	324,932,047
Total liabilities, deferred inflows of resources, and fund balances	\$ 112,356,697	\$ 163,939,438	\$ 24,543,227	\$ 42,773,134	\$ 343,612,496

South San Francisco Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds		\$ 324,932,047
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 379,969,238	
Accumulated depreciation and amortization is	<u>(190,497,821)</u>	
Net capital assets		189,471,417
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(3,067,682)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	246,305	
Other postemployment benefits (OPEB) liability	3,079,556	
Aggregate net pension liability	<u>36,139,749</u>	
Total deferred outflows of resources		39,465,610
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Deferred charge on refunding	(2,055,387)	
OPEB liability	(12,419,338)	
Aggregate net pension liability	<u>(9,393,439)</u>	
Total deferred inflows of resources		(23,868,164)
Aggregate net pension liability are not due and payable in the current period, and is not reported as a liability in the funds.		
		(106,319,560)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(22,007,360)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(283,311,510)	
Unamortized debt premium	(14,228,913)	
Finance purchase agreement	(2,340,000)	
Leases	(90,224)	
Subscription-based IT arrangements	(510,089)	
Compensated absences	(13,383,248)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(3,289,396)</u>	
Total long-term liabilities		<u>(317,153,380)</u>
Total net position - governmental activities		<u>\$ 81,452,928</u>

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	\$ 149,167,812	\$ -	\$ -	\$ 2,542,944	\$ 151,710,756
Federal sources	3,972,151	-	904	2,839,336	6,812,391
Other State sources	18,200,140	-	57,843	6,456,801	24,714,784
Other local sources	20,519,340	9,501,229	26,934,306	8,212,721	65,167,596
Total revenues	191,859,443	9,501,229	26,993,053	20,051,802	248,405,527
Expenditures					
Current					
Instruction	98,369,730	-	-	4,129,157	102,498,887
Instruction-related activities					
Supervision of instruction	5,740,977	-	-	183,839	5,924,816
Instructional library, media, and technology	4,293,444	-	-	-	4,293,444
School site administration	9,556,638	-	-	1,629,533	11,186,171
Pupil services					
Home-to-school transportation	2,454,000	-	-	-	2,454,000
Food services	47,841	-	-	5,172,140	5,219,981
All other pupil services	19,616,846	-	-	19,968	19,636,814
Administration					
All other administration	9,788,389	-	-	360,992	10,149,381
Plant services	20,087,312	2,270	-	997,130	21,086,712
Ancillary services	-	-	-	1,506,493	1,506,493
Community services	110,927	-	-	-	110,927
Other outgo	888,289	-	-	-	888,289
Facility acquisition and construction	336,310	8,296,531	-	4,445,312	13,078,153
Debt service					
Principal	589,633	73,254	16,330,000	25,233	17,018,120
Interest and other	74,655	207	11,373,492	-	11,448,354
Total expenditures	171,954,991	8,372,262	27,703,492	18,469,797	226,500,542
Excess (Deficiency) of Revenues Over Expenditures	19,904,452	1,128,967	(710,439)	1,582,005	21,904,985
Other Financing Sources (Uses)					
Transfers in	13,301	-	-	4,886,396	4,899,697
Other sources - leases	103,406	-	-	-	103,406
Other sources - SBITAs	421,508	176,803	-	75,335	673,646
Other sources - proceeds from issuance of general obligation bonds	-	-	58,255,000	-	58,255,000
Other sources - premium on issuance of general obligation bonds	-	-	6,195,894	-	6,195,894
Transfers out	(4,886,396)	-	-	(13,301)	(4,899,697)
Other uses - payment to refunded bond escrow agent	-	-	(63,318,186)	-	(63,318,186)
Net Financing Sources (Uses)	(4,348,181)	176,803	1,132,708	4,948,430	1,909,760
Net Change in Fund Balances	15,556,271	1,305,770	422,269	6,530,435	23,814,745
Fund Balance - Beginning	82,577,421	160,854,661	24,120,958	33,564,262	301,117,302
Fund Balance - Ending	\$ 98,133,692	\$ 162,160,431	\$ 24,543,227	\$ 40,094,697	\$ 324,932,047

South San Francisco Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 23,814,745

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which capital outlay exceed depreciation and amortization expense in the period.

Capital outlay	\$	14,663,594
Depreciation and amortization expense		<u>(13,649,301)</u>

Net expense adjustment 1,014,293

A loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (55,883)

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities min the Statement of Net Position. (103,406)

Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (673,646)

In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used. (23,636)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and aggregate net pension liability during the year. 4,837,005

South San Francisco Unified School District

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

In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows and OPEB liability during the year.	\$ (538,803)
Proceeds received from general obligation bonds are a revenue in the governmental funds, but it increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(58,255,000)
Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	(2,055,387)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance of GO bonds recognized	(6,195,894)
Amortization of deferred charge on refunding	(492,608)
Amortization of premium on issuance	3,257,031
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	79,060,000
Finance purchase agreement	220,000
Leases	18,860
Subscription-based IT arrangements	449,260
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	230,638
Change in net position of governmental activities	<u>\$ 44,507,569</u>

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

The South San Francisco Unified School District was unified on July 1, 1960 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, two comprehensive high schools, and one continuation high school.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

A fund currently defined as special revenue fund in the *California State Accounting Manual* (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

Due to implementation of GASB Statement No. 84, *Fiduciary Activities*, the District's Fund 73, Foundation Private-Purpose Trust Fund is consolidated into the General Fund.

As a result, the General Fund reflects an increase in fund balance of \$18,716,223.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted and committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620 17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State Schools Facilities Fund (Proposition 1D), or the 2013 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Basis of Accounting - Measurement Focus

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

The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of capital assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

Investments

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

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

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

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

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

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

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

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

Lease Receivable

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Liabilities

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

Subscription Liabilities

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report \$80,211,977 of Net Position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Adoption of New Accounting Standard**Implementation of GASB Statement No. 101**

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	<u>\$ 325,462,643</u>
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Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 1,155,786
Cash with fiscal agent	531
Cash in revolving	31,141
Investments	<u>324,275,185</u>
Total deposits and investments	<u>\$ 325,462,643</u>

Policies and Practices

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

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

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California *Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

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

Specific Identification

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

Investment Type	Reported Amount	Average Maturity Days
Local Agency Investment Fund	\$ 34,553	248
San Mateo County Treasury Investment Pool	324,240,632	832
Total	<u>\$ 324,275,185</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Mateo County Treasury Investment Pool is rated AAA by Standard & Poor's. The investment with Local Agency Investment Fund is not required to be rated, nor have been rated as of June 30, 2025.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of \$730,541 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Receivables

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 2,349,535	\$ -	\$ -	\$ 369,905	\$ 2,719,440
State Government					
LCFF apportionment	307,690	-	-	-	307,690
Categorical aid	2,494,348	-	-	421,287	2,915,635
Lottery	573,864	-	-	-	573,864
Local Government					
Interest	1,028,012	1,636,680	210,492	318,694	3,193,878
Other local sources	657,487	-	-	517,388	1,174,875
Total	<u>\$ 7,410,936</u>	<u>\$ 1,636,680</u>	<u>\$ 210,492</u>	<u>\$ 1,627,274</u>	<u>\$ 10,885,382</u>

Note 4 - Lease Receivable

The District has entered into a lease agreement with a lessee. Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing a portion of its facilities to one lessee. The lease is non-cancelable for a period more than one year. During the year ended June 30 2025, the District recognized \$183,341 in lease revenue and \$30,000 in interest revenue related to the agreement. As of June 30, 2025, the District recorded \$899,813 in lease receivable and \$836,162 in deferred inflows of resources for this arrangement. The interest rate on the lease was 3.00%.

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2025

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 4,305,188	\$ 29,880	\$ -	\$ 4,335,068
Construction in progress	18,779,525	11,482,311	(15,668,671)	14,593,165
Total capital assets not being depreciated or amortized	23,084,713	11,512,191	(15,668,671)	18,928,233
Capital assets being depreciated and amortized				
Land improvements	112,115,785	14,248,828	-	126,364,613
Buildings and improvements	212,751,166	1,561,227	-	214,312,393
Furniture and equipment	16,329,703	1,747,270	(276,569)	17,800,404
Right-to-use leased furniture and equipment	6,045	103,406	-	109,451
Right-to-use subscription IT assets	1,306,081	1,159,343	(11,280)	2,454,144
Total capital assets being depreciated and amortized	342,508,780	18,820,074	(287,849)	361,041,005
Total capital assets	365,593,493	30,332,265	(15,956,520)	379,969,238
Accumulated depreciation and amortization				
Land improvements	(36,183,464)	(4,639,074)	-	(40,822,538)
Buildings and improvements	(126,656,281)	(7,527,561)	-	(134,183,842)
Furniture and equipment	(13,756,489)	(654,066)	220,686	(14,189,869)
Right-to-use leased furniture and equipment	(412)	(20,188)	-	(20,600)
Right-to-use subscription IT assets	(483,840)	(808,412)	11,280	(1,280,972)
Total accumulated depreciation and amortization	(177,080,486)	(13,649,301)	231,966	(190,497,821)
Net depreciable and amortizable capital assets	165,428,294	5,170,773	(55,883)	170,543,184
Governmental activities capital assets, net	\$ 188,513,007	\$ 16,682,964	\$ (15,724,554)	\$ 189,471,417

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

Governmental Activities	
Instruction	\$ 11,655,215
Instructional library, media, and technology	268,360
Home-to-school transportation	365,688
All other pupil services	876,456
Plant services	483,582
Total depreciation and amortization expense governmental activities	\$ 13,649,301

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

Due To	Due From			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 56,746	\$ 1,233,793	\$ 1,290,539
Non-Major Governmental Funds	4,765,458	-	41,089	4,806,547
Total	<u>\$ 4,765,458</u>	<u>\$ 56,746</u>	<u>\$ 1,274,882</u>	<u>\$ 6,097,086</u>

A balance of \$56,746 due to the General Fund from the Building Fund resulted from reimbursement of benefits and other operating costs.

A balance of \$194,273 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from reimbursement of benefits and other operating costs.

A balance of \$433,785 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from reimbursement of benefits and other operating costs.

A balance of \$605,735 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from reimbursement of benefits and other operating costs.

A balance of \$4,736,396 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund resulted from pass-through of RDA revenue.

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

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2025

Operating Transfers

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

Transfer To	Transfer From		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ 4,886,396	\$ 13,301	\$ 4,899,697
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to set aside redevelopment funds received for future capital outlay projects.			\$ 4,736,396
The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to compensate for deficit spending.			150,000
The Child Development Non-Major Governmental Fund transferred to the General Fund for reimbursement of benefits and other operating costs.			13,301
Total			\$ 4,899,697

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	\$ 4,511,259	\$ -	\$ 80,655	\$ 4,591,914
Other payables	3,550,566	1,722,261	630,990	5,903,817
Total	\$ 8,061,825	\$ 1,722,261	\$ 711,645	\$ 10,495,731

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2025

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 9,196	\$ -	\$ 9,196
State categorical aid	550,364	691,910	1,242,274
Total	<u>\$ 559,560</u>	<u>\$ 691,910</u>	<u>\$ 1,251,470</u>

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

Summary

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

	Balance July 1, 2024 as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 306,944,324	\$ 58,716,582	\$ (79,060,000)	\$ 286,600,906	\$ 15,665,000
Unamortized debt premiums	11,290,050	6,195,894	(3,257,031)	14,228,913	-
Finance purchase agreement	2,560,000	-	(220,000)	2,340,000	220,000
Leases	5,678	103,406	(18,860)	90,224	20,883
Subscription-based IT arrangements	285,703	673,646	(449,260)	510,089	299,028
Compensated absences	13,359,612	23,636	-	13,383,248	2,676,139
Total	<u>\$ 334,445,367</u>	<u>\$ 65,713,164</u>	<u>\$ (83,005,151)</u>	<u>\$ 317,153,380</u>	<u>\$ 18,881,050</u>

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

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues from property tax levies. Payments on the finance purchase agreement, leases, and subscription-based IT arrangements are made by the General Fund and the Special Reserve Fund for Capital Outlay Projects.

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2025

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
06/24/2015	9/1/2040	2.00-5.00%	\$ 26,000,000	\$ 1,474,052	\$ -	\$ 40,824	\$ (700,000)	\$ 814,876
06/21/2016	9/1/2041	2.00-5.00%	128,999,061	129,625,272	-	420,758	(66,230,000)	63,816,030
1/26/2022	9/1/2040	0.673-3.130%	26,425,000	25,845,000	-	-	(130,000)	25,715,000
4/26/2023	9/1/2052	4.00-5.00%	150,000,000	150,000,000	-	-	(12,000,000)	138,000,000
6/3/2025	9/1/2037	5.00%	58,255,000	-	58,255,000	-	-	58,255,000
				<u>\$ 306,944,324</u>	<u>\$ 58,255,000</u>	<u>\$ 461,582</u>	<u>\$ (79,060,000)</u>	<u>\$ 286,600,906</u>

General Obligation Refunding Bonds, Series 2025

On June 3, 2025, South San Francisco Unified School District issued the General Obligation Refunding Bonds, Series 2025 in the amount of \$58,255,000. The refunding resulted in a cumulative cash flow savings of \$7,891,398 over the life of the new debt and an economic gain of \$3,484,520 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.15%.

The bonds mature through 2053 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2026	\$ 15,609,066	\$ 55,934	\$ 9,975,217	\$ 25,640,217
2027	12,224,700	140,300	10,247,807	22,612,807
2028	13,573,000	272,000	9,826,139	23,671,139
2029	5,159,140	415,863	9,588,377	15,163,380
2030	4,255,000	-	9,487,953	13,742,953
2031-2035	31,685,000	-	44,033,220	75,718,220
2036-2040	66,280,000	-	33,687,041	99,967,041
2041-2045	57,770,000	-	20,024,078	77,794,078
2046-2050	43,965,000	-	11,903,500	55,868,500
2051-2053	36,080,000	-	2,237,600	38,317,600
Total	<u>\$ 286,600,906</u>	<u>\$ 884,097</u>	<u>\$ 161,010,932</u>	<u>\$ 448,495,935</u>

Finance Purchase Agreement

On November 1, 2016, the District entered into a finance purchase agreement with the South San Francisco Unified School District School Facilities Financing Authority (the Authority) for the energy efficiency renovations performed on the property. Payment period commenced on September 1, 2017 and the final payment is set to occur on September 1, 2034. At June 30, 2025, the principal balance outstanding was \$2,340,000.

The payments are due through 2035 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2026	\$ 220,000	\$ 50,956	\$ 270,956
2027	230,000	45,994	275,994
2028	230,000	40,865	270,865
2029	240,000	35,680	275,680
2030	245,000	30,328	275,328
2031-2035	1,175,000	66,287	1,241,287
Total	<u>\$ 2,340,000</u>	<u>\$ 270,110</u>	<u>\$ 2,610,110</u>

Leases

The District has entered into agreements to lease various equipment. At June 30, 2025, the District has recognized right-to-use leased asset of \$88,851 (net of accumulated amortization) and lease liability of \$90,224 related to the lease agreements. The District is required to make principal and interest payments through July 2029. The lease agreements have an interest rate of 4.00%.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 20,883	\$ 3,229	\$ 24,112
2027	21,734	2,378	24,112
2028	22,620	1,493	24,113
2029	23,095	572	23,667
2030	1,892	6	1,898
Total	<u>\$ 90,224</u>	<u>\$ 7,678</u>	<u>\$ 97,902</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset of \$1,173,172 and a SBITA liability of \$510,090 related to these agreements. During the fiscal year, the District recorded \$808,412 in amortization expense. The District is required to make annual principal and interest payments through July 2029. The subscriptions have an interest rate of 4.00%.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 299,028	\$ 20,403	\$ 319,431
2027	197,600	8,443	206,043
2028	13,461	538	13,999
Total	<u>\$ 510,089</u>	<u>\$ 29,384</u>	<u>\$ 539,473</u>

Note 10 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 21,651,553	\$ 3,079,556	\$ 12,419,338	\$ 1,362,211
Medicare Premium Payment (MPP) Program	355,807	-	-	(50,599)
Total	<u>\$ 22,007,360</u>	<u>\$ 3,079,556</u>	<u>\$ 12,419,338</u>	<u>\$ 1,311,612</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	400
Active employees	992
Total	1,392

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the South San Francisco Classroom Teachers Association (SSFCTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, SSFCTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2025, the District paid \$772,809 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$21,651,553 was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2024 and rolling forward the total OPEB liability to June 30, 2025. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75% , average, including inflation
Discount rate	5.20% for 2025
Healthcare cost trend rates	4.00%

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

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study through June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2024	\$ 24,381,214
Service cost	1,498,714
Interest	972,446
Changes of assumptions	(4,428,012)
Benefit payments	(772,809)
Net change in total OPEB liability	(2,729,661)
Balance, June 30, 2025	\$ 21,651,553

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

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

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

Discount Rate	Total OPEB Liability
1% decrease (4.20%)	\$ 25,055,300
Current discount rate (5.20%)	21,651,553
1% increase (6.20%)	19,069,602

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 18,209,423
Current healthcare cost trend rate (4.00%)	21,651,553
1% increase (5.00%)	25,722,580

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$1,362,211. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,879,986
Changes of assumptions	3,079,556	8,539,352
Total	<u>\$ 3,079,556</u>	<u>\$ 12,419,338</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (1,108,949)
2027	(1,108,949)
2028	(1,140,931)
2029	(1,282,277)
2030	(1,553,406)
Thereafter	<u>(3,145,270)</u>
Total	<u>\$ (9,339,782)</u>

Medicare Premium Payment (MPP) Program**Plan Description**

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$355,807 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1335%, and 0.1339%, resulting in a net decrease in the proportionate share of 0.0004%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(50,599).

Actuarial Methods and Assumptions

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

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

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	\$ 383,907
Current discount rate (3.93%)	355,807
1% increase (4.93%)	331,098

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 329,617
Current Medicare costs trend rate (5.00% Part A and 6.50% Part B)	355,807
1% increase (6.00% Part A and 7.50% Part B)	385,047

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2025

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 30,141	\$ -	\$ -	\$ 1,000	\$ 31,141
Stores inventories	45,674	-	-	106,254	151,928
Prepaid expenditures	115,319	325	-	-	115,644
Total nonspendable	191,134	325	-	107,254	298,713
Restricted					
Legally restricted programs	41,827,343	-	-	2,911,136	44,738,479
Food service	-	-	-	2,380,971	2,380,971
Capital projects	-	162,160,106	-	11,616,982	173,777,088
Debt service	-	-	24,543,227	-	24,543,227
Total restricted	41,827,343	162,160,106	24,543,227	16,909,089	245,439,765
Committed					
Adult education program	-	-	-	1,688,314	1,688,314
Deferred maintenance program	-	-	-	14,113,714	14,113,714
Total committed	-	-	-	15,802,028	15,802,028
Assigned					
STRS/PERS Increases: 2028-29	860,408	-	-	-	860,408
STRS/PERS Increases: 2029-30	1,047,036	-	-	-	1,047,036
Property tax repayment litigation	8,500,000	-	-	-	8,500,000
Set-aside for raises - CSEA and Unrepresented	9,187,500	-	-	-	9,187,500
Capital projects	-	-	-	7,276,326	7,276,326
Other assigned	18,059,823	-	-	-	18,059,823
Total assigned	37,654,767	-	-	7,276,326	44,931,093
Unassigned					
Reserve for economic uncertainties	8,847,026	-	-	-	8,847,026
Remaining unassigned	9,613,422	-	-	-	9,613,422
Total unassigned	18,460,448	-	-	-	18,460,448
Total	\$ 98,133,692	\$ 162,160,431	\$ 24,543,227	\$ 40,094,697	\$ 324,932,047

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2025, the District contracted with San Mateo County Schools Insurance Group (SMCSIG) risk pool for property and liability insurance coverage. Settled claims have not exceed this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

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

Employee Medical Benefits

The District has contracted with the California Public Employees' Retirement System (CalPERS) to provide employee medical insurance and San Mateo County Schools Insurance Group (SMCSIG) for dental and vision benefits. CalPERS and SMCSIG are shared risk pools. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts.

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 61,457,146	\$ 22,140,317	\$ 8,076,574	\$ 6,665,959
CalPERS	44,862,414	13,999,432	1,316,865	7,932,955
Total	<u>\$ 106,319,560</u>	<u>\$ 36,139,749</u>	<u>\$ 9,393,439</u>	<u>\$ 14,598,914</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$12,122,784.

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

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

Total Net Pension Liability, Including State Share	
Proportionate share of net pension liability	\$ 61,457,146
State's proportionate share of the net pension liability	<u>28,196,750</u>
Total	<u>\$ 89,653,896</u>

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.0915% and 0.0905%, resulting in a net increase in the proportionate share of 0.0010%.

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$6,665,959. In addition, the District recognized pension expense and revenue of \$2,566,984 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,122,784	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,796,915	943,800
Differences between projected and actual earnings on pension plan investments	-	247,977
Differences between expected and actual experience in the measurement of the total pension liability	6,951,595	2,687,487
Changes of assumptions	269,023	4,197,310
Total	<u>\$ 22,140,317</u>	<u>\$ 8,076,574</u>

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

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

Year Ended June 30,	Deferred Inflows of Resources
2026	\$ (4,119,912)
2027	4,961,906
2028	(404,832)
2029	(685,139)
Total	<u>\$ (247,977)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 487,140
2027	724,617
2028	113,113
2029	290,150
2030	744,792
Thereafter	(170,876)
Total	<u>\$ 2,188,936</u>

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 109,312,153
Current discount rate (7.10%)	61,457,146
1% increase (8.10%)	21,496,230

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.050%	27.050%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$7,313,135.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$44,862,414. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1255% and 0.1251%, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2025, the District recognized pension expense of \$7,932,955. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,313,135	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	190,984	995,786
Differences between projected and actual earnings on pension plan investments	1,742,645	-
Differences between expected and actual experience in the measurement of the total pension liability	3,761,057	321,079
Changes of assumptions	991,611	-
	<u>\$ 13,999,432</u>	<u>\$ 1,316,865</u>
Total	<u>\$ 13,999,432</u>	<u>\$ 1,316,865</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2026	\$ (15,023)
2027	2,709,418
2028	(400,351)
2029	(551,399)
Total	<u>\$ 1,742,645</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 1,723,858
2027	1,026,215
2028	876,714
Total	<u>\$ 3,626,787</u>

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 66,643,490
Current discount rate (6.90%)	44,862,414
1% increase (7.90%)	26,869,511

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,693,517 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies**Grants**

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

Litigation

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

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
School Modernization	\$ 3,579,166	To Be Determined
HS Kitchen/Food Services Improvement	11,382,867	May 2026
Flooding Resolution Project	14,800	January 2026
Accessible Pathway (ADA)	33,988	October 2025
HVAC System	67,884	August 2026
Classroom Renovation	1,074,678	October 2025
Athletic Fields	6,150,655	April 2026
Fencing and Gates	22,156	February 2026
District Office Annex Modular Building	131,225	December 2024
	<u>\$ 22,457,419</u>	
Total		

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG) and California Public Employees' Retirement System (CalPERS) public entity risk pools. The District pays an annual premium to be applicable entity for its workers' compensation, property and liability, and health coverage. The relationship between the District and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2025, the District made payments of \$5,533,714 and \$13,329,168 to SMCSIG and CalPERS, respectively.

Note 16 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by \$2,338,923 and \$9,337,268, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	Governmental Activities
Beginning, as previously reported on June 30, 2024	\$ 48,621,550
Change in accounting principle	<u>(11,676,191)</u>
Beginning, as restated on July 1, 2024	<u><u>\$ 36,945,359</u></u>

Required Supplementary Information
June 30, 2025

**South San Francisco
Unified School District**

South San Francisco Unified School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 144,785,192	\$ 149,167,812	\$ 149,167,812	\$ -
Federal sources	3,549,575	4,435,082	3,972,151	(462,931)
Other State sources	11,829,363	18,454,842	18,200,140	(254,702)
Other local sources	6,560,880	17,879,081	20,519,340	2,640,259
Total revenues ¹	166,725,010	189,936,817	191,859,443	1,922,626
Expenditures				
Current				
Certificated salaries	65,703,579	65,427,372	65,092,073	335,299
Classified salaries	25,934,556	24,843,053	24,823,445	19,608
Employee benefits	43,848,466	40,788,396	40,883,387	(94,991)
Books and supplies	4,650,496	34,129,073	4,879,565	29,249,508
Services and operating expenditures	19,840,629	38,683,789	33,335,449	5,348,340
Other outgo	1,208,109	220,707	538,296	(317,589)
Capital outlay	151,156	1,764,207	1,738,488	25,719
Debt service				
Debt service - principal	215,261	579,851	589,633	(9,782)
Debt service - interest and other	60,601	70,438	74,655	(4,217)
Total expenditures ¹	161,612,853	206,506,886	171,954,991	34,551,895
Excess (Deficiency) of Revenues Over Expenditures	5,112,157	(16,570,069)	19,904,452	36,474,521
Other Financing Sources (Uses)				
Transfers in	13,301	13,301	13,301	-
Other sources - proceeds from leases	-	103,406	103,406	-
Other sources - proceeds from SBITAs	-	531,648	421,508	(110,140)
Transfers out	(3,634,220)	(4,886,396)	(4,886,396)	-
Net Financing Uses	(3,620,919)	(4,238,041)	(4,348,181)	(110,140)
Net Change in Fund Balances	1,491,238	(20,808,110)	15,556,271	36,364,381
Fund Balance - Beginning	82,577,421	82,577,421	82,577,421	-
Fund Balance - Ending	\$ 84,068,659	\$ 61,769,311	\$ 98,133,692	\$ 36,364,381

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 73, Foundation Private-Purpose Trust Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures; however, they are not included in the original and final General Fund budgets.

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

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 1,498,714	\$ 1,396,302	\$ 1,399,448	\$ 1,998,339
Interest	972,446	923,737	858,272	671,894
Difference between expected and actual experience	-	(1,065,461)	-	(2,727,187)
Changes of assumptions	(4,428,012)	(1,086,992)	(427,261)	(5,756,859)
Benefit payments	(772,809)	(792,179)	(739,800)	(756,163)
Net change in total OPEB liability	(2,729,661)	(624,593)	1,090,659	(6,569,976)
Total OPEB Liability - Beginning	24,381,214	25,005,807	23,915,148	30,485,124
Total OPEB Liability - Ending	<u>\$ 21,651,553</u>	<u>\$ 24,381,214</u>	<u>\$ 25,005,807</u>	<u>\$ 23,915,148</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 1,923,617	\$ 1,488,745	\$ 1,334,664	\$ 1,298,943
Interest	638,943	838,712	752,163	763,324
Difference between expected and actual experience	-	(3,669,686)	-	-
Changes of assumptions	206,063	6,939,557	1,033,908	-
Benefit payments	(729,107)	(741,123)	(708,733)	(681,474)
Net change in total OPEB liability	2,039,516	4,856,205	2,412,002	1,380,793
Total OPEB Liability - Beginning	28,445,608	23,589,403	21,177,401	19,796,608
Total OPEB Liability - Ending	<u>\$ 30,485,124</u>	<u>\$ 28,445,608</u>	<u>\$ 23,589,403</u>	<u>\$ 21,177,401</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

South San Francisco Unified School District
Schedule of District's Proportionate Share of Net OPEB Liability – MPP Program
Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.1335%	0.1339%	0.1366%	0.1378%
Proportionate share of the net OPEB liability	\$ 355,807	\$ 406,406	\$ 449,856	\$ 549,645
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1537%	0.1464%	0.1490%	0.1456%
Proportionate share of the net OPEB liability	\$ 651,540	\$ 545,362	\$ 570,207	\$ 612,550
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

South San Francisco Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0915%	0.0905%	0.0910%	0.0917%	0.0882%
Proportionate share of the net pension liability	\$ 61,457,146	\$ 68,963,303	\$ 63,228,134	\$ 41,719,520	\$ 85,506,190
State's proportionate share of the net pension liability	28,196,750	33,042,258	31,664,402	20,991,644	44,078,451
Total	<u>\$ 89,653,896</u>	<u>\$ 102,005,561</u>	<u>\$ 94,892,536</u>	<u>\$ 62,711,164</u>	<u>\$ 129,584,641</u>
Covered payroll	<u>\$ 61,221,168</u>	<u>\$ 56,288,733</u>	<u>\$ 53,021,850</u>	<u>\$ 50,969,325</u>	<u>\$ 48,162,825</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	100.39%	122.52%	119.25%	81.85%	177.54%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0828%	0.0830%	0.0804%	0.0766%	0.0782%
Proportionate share of the net pension liability	\$ 74,767,499	\$ 76,279,006	\$ 74,375,113	\$ 61,926,585	\$ 52,680,238
State's proportionate share of the net pension liability	40,790,662	43,673,298	43,999,689	35,253,700	27,682,039
Total	<u>\$ 115,558,161</u>	<u>\$ 119,952,304</u>	<u>\$ 118,374,802</u>	<u>\$ 97,180,285</u>	<u>\$ 80,362,277</u>
Covered payroll	<u>\$ 45,702,187</u>	<u>\$ 44,523,105</u>	<u>\$ 43,383,029</u>	<u>\$ 38,347,651</u>	<u>\$ 36,515,800</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	163.60%	171.32%	171.44%	161.49%	144.27%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

South San Francisco Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.1255%	0.1251%	0.1322%	0.1350%	0.1250%
Proportionate share of the net pension liability	\$ 44,862,414	\$ 45,296,055	\$ 45,502,886	\$ 27,452,604	\$ 38,346,948
Covered payroll	\$ 24,923,433	\$ 21,828,053	\$ 22,556,613	\$ 19,465,507	\$ 18,500,406
Proportionate share of the net pension liability as a percentage of its covered payroll	180.00%	207.51%	201.73%	141.03%	207.28%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.1187%	0.1205%	0.1189%	0.1155%	0.1200%
Proportionate share of the net pension liability	\$ 34,596,810	\$ 32,129,742	\$ 28,378,748	\$ 22,807,523	\$ 17,693,320
Covered payroll	\$ 16,613,320	\$ 20,090,954	\$ 19,500,634	\$ 18,959,897	\$ 18,748,271
Proportionate share of the net pension liability as a percentage of its covered payroll	230.82%	159.92%	145.53%	120.29%	94.37%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

South San Francisco Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 12,122,784	\$ 11,693,243	\$ 10,751,148	\$ 8,971,297	\$ 8,231,546
Less contributions in relation to the contractually required contribution	<u>12,122,784</u>	<u>11,693,243</u>	<u>10,751,148</u>	<u>8,971,297</u>	<u>8,231,546</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 63,470,073</u>	<u>\$ 61,221,168</u>	<u>\$ 56,288,733</u>	<u>\$ 53,021,850</u>	<u>\$ 50,969,325</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,235,843	\$ 7,440,316	\$ 6,424,684	\$ 5,457,585	\$ 4,114,703
Less contributions in relation to the contractually required contribution	<u>8,235,843</u>	<u>7,440,316</u>	<u>6,424,684</u>	<u>5,457,585</u>	<u>4,114,703</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 48,162,825</u>	<u>\$ 45,702,187</u>	<u>\$ 44,523,105</u>	<u>\$ 43,383,029</u>	<u>\$ 38,347,651</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

South San Francisco Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 7,313,135	\$ 6,649,572	\$ 5,537,777	\$ 5,167,720	\$ 4,029,360
Less contributions in relation to the contractually required contribution	<u>7,313,135</u>	<u>6,649,572</u>	<u>5,537,777</u>	<u>5,167,720</u>	<u>4,029,360</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,035,619	\$ 24,923,433	\$ 21,828,053	\$ 22,556,613	\$ 19,465,507
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,648,465	\$ 2,994,717	\$ 3,120,326	\$ 2,708,248	\$ 2,246,179
Less contributions in relation to the contractually required contribution	<u>3,648,465</u>	<u>2,994,717</u>	<u>3,120,326</u>	<u>2,708,248</u>	<u>2,246,179</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,500,406	\$ 16,613,320	\$ 20,090,954	\$ 19,500,634	\$ 18,959,897
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.026%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

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

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

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

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2025

South San Francisco Unified School District

South San Francisco Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Adult Basic Education & ELA	84.002A	14508	\$ 133,212
Adult Secondary Education	84.002	13978	<u>27,740</u>
Subtotal			<u>160,952</u>
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	1,034,221
School Improvement Funding for LEAs	84.010	15438	<u>186,069</u>
Subtotal			<u>1,220,290</u>
Title III, English Learner Student Program	84.365	14346	243,638
Title III, Immigrant Education Program	84.365	15146	<u>63,705</u>
Subtotal			<u>307,343</u>
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	60,099
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	13,119
Title II, Part A, Supporting Effective Instruction	84.367	14341	197,507
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	67,415
Passed through San Mateo County Office of Education			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,804,384
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	39,110
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>93,292</u>
Subtotal			<u>1,936,786</u>
Preschool Grants, Part B, Sec 619	84.173	13430	50,161
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>416</u>
Subtotal			<u>50,577</u>
Subtotal Special Education (IDEA) Cluster			<u>1,987,363</u>
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	<u>119,015</u>
Total U.S. Department of Education			<u>4,133,103</u>

South San Francisco Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through California Department of Social Services			
Child Care and Development Fund Cluster			
Child Care and Development Programs Administered by			
CA Department of Social Services (Federal Funds)	93.575	10163	\$ 22,927
Federal Child Care, Center-based	93.575	15136	<u>240,762</u>
Subtotal Child Care and Development Fund Cluster			<u>263,689</u>
Total U.S. Department of Health and Human Services			<u>263,689</u>
U.S. Department of Interior			
Payments in Lieu of Taxes	15.226	[1]	<u>904</u>
Total U.S. Department of Interior			<u>904</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Programs (NSL Sec 4)	10.555	13523	371,519
School Programs (NSL Sec 11)	10.555	13524	1,210,768
Commodities	10.555	13396	297,066
Supply Chain Assistance (SCA) Funds	10.555	15655	<u>659,042</u>
Subtotal			<u>2,538,395</u>
School Programs (School Breakfast Basic)	10.553	13525	120,261
School Programs (School Breakfast Needy)	10.553	13526	<u>247,818</u>
Subtotal			<u>368,079</u>
Subtotal Child Nutrition Cluster			<u>2,906,474</u>
Passed Through California Department of Social Services			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	82,514
CACFP Cash in Lieu of Commodities	10.558	13534	<u>4,231</u>
Subtotal			<u>86,745</u>
Total U.S. Department of Agriculture			<u>2,993,219</u>
Total Federal Financial Assistance			<u>\$ 7,390,915</u>

[1] Direct award

South San Francisco Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2025

	Final Report	
	Second Period Report A84A8BC8	Annual Report 4FD4F0CF
Regular ADA		
Transitional kindergarten through third	2,178.72	2,180.62
Fourth through sixth	1,661.75	1,660.44
Seventh and eighth	1,098.48	1,095.82
Ninth through twelfth	2,210.38	2,211.07
Total Regular ADA	7,149.33	7,147.95
Extended Year Special Education		
Transitional kindergarten through third	54.70	54.70
Fourth through sixth	25.25	25.25
Seventh and eighth	13.65	13.65
Ninth through twelfth	10.75	10.75
Total Extended Year Special Education	104.35	104.35
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.82	0.79
Fourth through sixth	2.78	2.58
Seventh and eighth	3.00	3.32
Ninth through twelfth	9.78	11.07
Total Special Education, Nonpublic, Nonsectarian Schools	16.38	17.76
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.82	0.82
Fourth through sixth	1.94	1.94
Seventh and eighth	1.57	1.53
Ninth through twelfth	10.33	10.33
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	14.66	14.62
Total ADA	7,284.72	7,284.68

South San Francisco Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	40,475	-	40,475	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,090	-	54,090	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,090	-	54,090	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,090	-	54,090	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,090	-	54,090	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,090	-	54,090	180	-	180	N/A	N/A	N/A	Complied
Grade 6		55,212	-	55,212	180	-	180	N/A	N/A	N/A	Complied
Grade 7		55,212	-	55,212	180	-	180	N/A	N/A	N/A	Complied
Grade 8		55,212	-	55,212	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,262	-	65,262	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,262	-	65,262	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,262	-	65,262	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,262	-	65,262	180	-	180	N/A	N/A	N/A	Complied

South San Francisco Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

South San Francisco Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ¹	2023 ¹
General Fund ³				
Revenues	\$ 182,767,180	\$ 190,796,575	\$ 173,303,970	\$ 168,996,309
Other sources	13,301	648,355	470,501	13,301
Total revenues and other sources	182,780,481	191,444,930	173,774,471	169,009,610
Expenditures	179,577,119	172,054,131	162,676,358	147,593,923
Other uses	4,612,296	4,886,396	4,221,114	2,982,833
Total expenditures and other uses	184,189,415	176,940,527	166,897,472	150,576,756
Increase/(Decrease) in Fund Balance	(1,408,934)	14,504,403	6,876,999	18,432,854
Ending Fund Balance	\$ 78,008,535	\$ 79,417,469	\$ 64,913,066	\$ 58,036,067
Available Reserves ²	\$ 24,817,706	\$ 18,460,448	\$ 17,671,329	\$ 14,349,108
Available Reserves as a Percentage of Total Outgo	13.47%	10.43%	10.59%	9.53%
Long-Term Liabilities ⁴	N/A	\$ 445,480,300	\$ 461,816,154	\$ 462,402,176
K-12 Average Daily Attendance at P-2	7,152	7,285	7,338	7,335

The General Fund balance has increased by \$21,381,402 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$1,408,934 (1.8%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have decreased by \$16,921,875 over the past two years.

Average daily attendance has decreased by 50 over the past two years. An additional decline of 133 ADA is expected in fiscal year 2025-2026.

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

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

³ General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other than Capital Outlay Projects, as required by GASB Statement No. 54 and Fund 73, Foundation Private-Purpose Trust Fund, as required by GASB Statement No. 84.

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

South San Francisco Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Assets					
Deposits and investments	\$ 923,890	\$ 1,888,205	\$ 2,576,326	\$ 2,330,913	\$ 14,008,715
Receivables	-	73,950	633,607	652,162	120,693
Due from other funds	-	1,733	26,829	41,589	-
Stores inventories	-	-	-	106,254	-
Total assets	<u>\$ 923,890</u>	<u>\$ 1,963,888</u>	<u>\$ 3,236,762</u>	<u>\$ 3,130,918</u>	<u>\$ 14,129,408</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 33,206	\$ 130,827	\$ 36,958	\$ 15,694
Due to other funds	-	194,273	474,874	605,735	-
Unearned revenue	-	-	691,910	-	-
Total liabilities	<u>-</u>	<u>227,479</u>	<u>1,297,611</u>	<u>642,693</u>	<u>15,694</u>
Fund Balances					
Nonspendable	-	-	-	107,254	-
Restricted	923,890	48,095	1,939,151	2,380,971	-
Committed	-	1,688,314	-	-	14,113,714
Assigned	-	-	-	-	-
Total fund balances	<u>923,890</u>	<u>1,736,409</u>	<u>1,939,151</u>	<u>2,488,225</u>	<u>14,113,714</u>
Total liabilities and fund balances	<u>\$ 923,890</u>	<u>\$ 1,963,888</u>	<u>\$ 3,236,762</u>	<u>\$ 3,130,918</u>	<u>\$ 14,129,408</u>

South San Francisco Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
Year Ended June 30, 2025

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 11,503,232	\$ 35	\$ 3,001,743	\$ 36,233,059
Receivables	113,715	-	33,147	1,627,274
Due from other funds	-	-	4,736,396	4,806,547
Stores inventories	-	-	-	106,254
Total assets	\$ 11,616,947	\$ 35	\$ 7,771,286	\$ 42,773,134
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 494,960	\$ 711,645
Due to other funds	-	-	-	1,274,882
Unearned revenue	-	-	-	691,910
Total liabilities	-	-	494,960	2,678,437
Fund Balances				
Nonspendable	-	-	-	107,254
Restricted	11,616,947	35	-	16,909,089
Committed	-	-	-	15,802,028
Assigned	-	-	7,276,326	7,276,326
Total fund balances	11,616,947	35	7,276,326	40,094,697
Total liabilities and fund balances	\$ 11,616,947	\$ 35	\$ 7,771,286	\$ 42,773,134

South San Francisco Unified School District

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

Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Revenues					
Local Control Funding Formula	\$ -	\$ 200,000	\$ -	\$ -	\$ 2,342,944
Federal sources	-	160,952	344,207	2,334,177	-
Other State sources	-	1,430,052	2,079,579	2,947,170	-
Other local sources	1,447,024	120,336	2,733,241	332,297	650,344
Total revenues	1,447,024	1,911,340	5,157,027	5,613,644	2,993,288
Expenditures					
Current					
Instruction	-	885,179	3,243,978	-	-
Instruction-related activities					
Supervision of instruction	-	183,261	578	-	-
School site administration	-	608,070	1,021,463	-	-
Pupil services					
Food services	-	-	-	5,172,140	-
All other pupil services	-	-	19,968	-	-
Administration					
All other administration	-	69,119	126,597	165,276	-
Plant services	-	184,561	119,671	-	1,440
Ancillary services	1,506,493	-	-	-	-
Facility acquisition and construction	-	-	-	-	2,062,639
Debt service					
Principal	-	-	-	-	-
Total expenditures	1,506,493	1,930,190	4,532,255	5,337,416	2,064,079
Excess (Deficiency) of Revenues Over Expenditures	(59,469)	(18,850)	624,772	276,228	929,209
Other Financing Sources (Uses)					
Transfers in	-	-	150,000	-	-
Other sources - SBITAs	-	-	-	-	-
Transfers out	-	-	(13,301)	-	-
Net Financing Sources	-	-	136,699	-	-
Net Change in Fund Balances	(59,469)	(18,850)	761,471	276,228	929,209
Fund Balance - Beginning	983,359	1,755,259	1,177,680	2,211,997	13,184,505
Fund Balance - Ending	\$ 923,890	\$ 1,736,409	\$ 1,939,151	\$ 2,488,225	\$ 14,113,714

South San Francisco Unified School District

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

Year Ended June 30, 2025

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	\$ -	\$ -	\$ -	\$ 2,542,944
Federal sources	-	-	-	2,839,336
Other State sources	-	-	-	6,456,801
Other local sources	2,758,502	2	170,975	8,212,721
Total revenues	2,758,502	2	170,975	20,051,802
Expenditures				
Current				
Instruction	-	-	-	4,129,157
Instruction-related activities				
Supervision of instruction	-	-	-	183,839
School site administration	-	-	-	1,629,533
Pupil services				
Food services	-	-	-	5,172,140
All other pupil services	-	-	-	19,968
Administration				
All other administration	-	-	-	360,992
Plant services	5,239	-	686,219	997,130
Ancillary services	-	-	-	1,506,493
Facility acquisition and construction	-	-	2,382,673	4,445,312
Debt service				
Principal	-	-	25,233	25,233
Total expenditures	5,239	-	3,094,125	18,469,797
Excess (Deficiency) of Revenues Over Expenditures	2,753,263	2	(2,923,150)	1,582,005
Other Financing Sources (Uses)				
Transfers in	-	-	4,736,396	4,886,396
Other sources - SBITAs	-	-	75,335	75,335
Transfers out	-	-	-	(13,301)
Net Financing Sources	-	-	4,811,731	4,948,430
Net Change in Fund Balances	2,753,263	2	1,888,581	6,530,435
Fund Balance - Beginning	8,863,684	33	5,387,745	33,564,262
Fund Balance - Ending	\$ 11,616,947	\$ 35	\$ 7,276,326	\$ 40,094,697

Note 1 - Purpose of Schedules**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Other Information
June 30, 2025

South San Francisco Unified School District

ORGANIZATION

The South San Francisco Unified School District was unified on July 1, 1960, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, two comprehensive high schools, and one continuation high school. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Ms. Amanda Anthony	President	2026
Mrs. Patricia A. Murray	Vice President	2028
Mrs. Mina A. Richardson	Clerk	2026
Dr. Chialin Hsieh	Member	2026
Mrs. Amy Lam	Member	2028

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Dr. Shawnterra Moore	Superintendent
Mr. Ted O	Assistant Superintendent, Business Services
Mr. Keith Irish	Assistant Superintendent, Educational Services
Dr. Jay Spaulding	Assistant Superintendent, Human Resources and Student Services

Independent Auditor's Reports
June 30, 2025

**South San Francisco
Unified School District**



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

To the Governing Board
South San Francisco Unified School District
South San Francisco, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Francisco Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2025.

Adoption of New Accounting Standard

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 3, 2025.

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.

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

Rancho Cucamonga, California
December 3, 2025



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

To the Governing Board
South San Francisco Unified School District
South San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 3, 2025



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

To the Governing Board
South San Francisco Unified School District
South San Francisco, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes

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

We did not perform testing for Independent Study because average daily attendance reported did not exceed thresholds required for testing.

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Rancho Cucamonga, California
December 3, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

**South San Francisco
Unified School District**

South San Francisco Unified School District

Summary of Auditor's Results

Year Ended June 30, 2025

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A
Child Nutrition Cluster	10.553, 10.555
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

	Five Digit Code	AB 3627 Finding Type
	50000	Federal Compliance
2025-001	50000 – Title I, Part A – Annual Report Card, High School Graduation Rate	
	Federal Agency: U.S. Department of Education	
	Pass-Through Entity: California Department of Education	
	Program Name: Title I, Part A	
	Federal Financial Assistance Listing: 84.010	
	Award Identification Number: 14329, 15438	
	Award Year: 2024-2025	
	Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate	
	Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance	
	Criteria	
	Local Education Agencies (LEAs) must report graduation rate data for all public high schools at the school and LEA levels using the four-year adjusted cohort rate and, at an LEA’s discretion, one or more extended-year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the Elementary and Secondary Education Act (ESEA), homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))). Written documentation must be maintained to remove a student from the cohort.	
	Condition	
	The District did not adequate maintain written documentation for three of the five sampled students that were removed from the cohort and used an incorrect exit code for one of the five sampled students that were removed from the cohort.	
	Cause	
	The condition arose due to lack of sufficient internal controls over compliance related to removal of students from the cohort.	
	Effect	
	The District has not complied with the requirement to maintain written documentation to remove a student from the cohort.	

Questioned Costs

None reported.

Context/Sampling:

The condition was identified through review of supporting documentation for a sample of students who were identified as removed from the cohort on the California Longitudinal Pupil Achievement Data System (CALPADS) 15.2 Cohort Outcome report. Three of the five sampled students identified as removed from the cohort on the CALPADS 15.2 Cohort Outcome report did not have adequate written documentation to support the removal of the students from the cohort, and one of the five sampled students had an inaccurate exit code used for their removal from the cohort.

Repeat Finding

Yes. See prior year finding 2024-001.

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

District staff is aware of the student records requirement and will ensure this is accurate moving forward. In addition, a training has been provided to the staff at the schools to ensure they are also informed of this requirement.

None reported.

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

Federal Awards Findings

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

Federal Agency: U.S. Department of Education

Pass-Through Entity: California Department of Education

Program Name: Title I, Part A

Federal Financial Assistance Listing: 84.010

Compliance Requirement(s): Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance

Criteria

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

Condition

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

Cause

The condition arose due to lack of sufficient internal controls over compliance related to removal of students from the cohort. The District was not aware of the documentation requirements.

Effect

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

Questioned Costs

None reported.

Context/Sampling:

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

Recommendation

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

Current Status

Not implemented. See current year finding 2025-001.

State Compliance Findings

2024-002 70000 – Instructional Materials

Criteria

As required by California *Education Code* Section 60119(b), the governing board shall provide 10 days' notice of the required public hearing.

Condition

The District provided 2 days' notice of the required public hearing.

Cause

No specific cause was identified other than oversight.

Effect

The District has not complied with requirements identified in by California *Education Code* Section 60119(b), which states that the governing board shall provide 10 days' notice of the required public hearing.

Questioned Costs

There were no questioned costs associated with the condition identified.

Recommendation

The District should implement procedures and controls to ensure that the notice of public hearing is posted as required by California *Education Code* Section 60119(b).

Current Status

Implemented.



Management
South San Francisco Unified School District
South San Francisco, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 3, 2025 on the government-wide financial statements of the District.

Associated Student Body (ASB)

Westborough Middle School

Observations

1. Based on review of cash receipting procedures, 26 out of 27 receipts tested contained receipts that were not deposited in a timely manner. The delay in deposits was 13 to 174 days from the dates of receipt.
2. Based on review of disbursement procedures, one out of six disbursements tested did not contain all three required signatures to approve the transaction as required by *Education Code* section 48933(b).

Recommendations

1. All cash and checks collected should be turned in daily to the bookkeeper. Deposits should be made within seven days of the earliest collection to minimize the risk of lost or mishandled funds.
2. Each disbursement must include the required three signatures: a student council representative, the ASB advisor, and the site administrator.

El Camino High School

Observations

1. Based on review of cash receipting procedures, seven out of 25 receipts tested contained receipts that were not deposited in a timely manner.
2. Based on review of cash receipting procedures, one out of one ticketed event tested was not adequately supported by ticket sales form that could be reconciled to a ticket control log.
3. Based on review of disbursement procedures, 15 out of 25 disbursements tested did not contain explicit receiving documentation to indicate that goods had been received.
4. Based on review of disbursement procedures, 23 out of 25 disbursements tested were not preapproved by the student body. For 19 disbursements, there were no ASB meeting minutes to support approval of the expenditure. For 4 disbursements, the invoice or order date preceded or was on the same date as the ASB meeting.
5. Based on review of disbursement procedures, 19 out of 25 disbursements tested did not have the required 3 signatures of approval.

Recommendations

1. All cash and checks collected should be turned in daily to the bookkeeper. Deposits should be made within seven days of the earliest collection to minimize the risk of lost or mishandled funds.
2. A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role. All ticketed events should utilize a standardized ticket sales report that includes beginning and ending ticket numbers, sales revenue, and reconciliation to the ticket control log.
3. Explicit receiving documentation (e.g., packing slips or confirmation of goods received) should be attached to all disbursement records before payment is processed.
4. The site should ensure that all disbursements transactions are preapproved by authorized administrative personnel and the student council, in a timely manner, and that approvals are documented in the meeting minutes. A standardized approval process should be established, and clear records of student body decisions should be maintained to demonstrate compliance.
5. Each disbursement must include the required three signatures: a student council representative, the ASB advisor, and the site administrator.

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



Rancho Cucamonga, California
December 3, 2025