

Financial Statements
June 30, 2025

Palm Springs Unified School District

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Independent Auditor's Report

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

Basis for Opinions

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

Adoption of New Accounting Standard

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

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 January 9, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Ontario, California
January 9, 2026

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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 Palm Springs Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$85,935,234 over the prior year for a new net position of \$761,272,762.
- Revenues, transfers in, and other financing sources for all funds, totaled \$627,401,506. Expenditures, transfers out and other uses totaled \$662,040,237.
- The General Fund audited ending fund balance, which includes \$29,369,726 of the Special Reserve Fund for Other Than Capital Outlay Projects, totaled \$200,576,884. This represents a decrease of \$1,930,858 from the prior year.
- The District's 2024-2025 P-2 Average Daily Attendance (ADA), excluding charter schools and students in County programs, was reported at 17,417.
- The District filed a positive status with both its First and Second Interim reports in 2024-2025.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$761,272,762 for the fiscal year ended June 30, 2025. Of this amount, \$(152,272,325), was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

| | Governmental Activities | |
|----------------------------------|----------------------------|----------------|
| | 2025 | 2024* |
| Assets | | |
| Current and other assets | \$ 755,802,812 | \$ 759,885,883 |
| Capital assets | 881,662,643 | 788,762,134 |
| Total assets | 1,637,465,455 | 1,548,648,017 |
| Deferred outflows of resources | 113,215,637 | 123,257,152 |
| Liabilities | | |
| Current liabilities | 86,143,239 | 57,536,800 |
| Long-term liabilities | 849,408,727 | 904,873,457 |
| Total liabilities | 935,551,966 | 962,410,257 |
| Deferred inflows of resources | 53,856,364 | 34,157,384 |
| Net Position | | |
| Net investment in capital assets | 569,432,765 | 479,001,183 |
| Restricted | 344,112,322 | 342,591,097 |
| Unrestricted (deficit) | (152,272,325) | (146,254,752) |
| Total net position | \$ 761,272,762 | \$ 675,337,528 |

* 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.

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, 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 | \$ 6,390,603 | \$ 3,862,537 |
| Operating grants and contributions | 129,498,938 | 160,653,193 |
| Capital grants and contributions | 7,130,183 | 4,968,232 |
| General revenues | | |
| Federal and State aid not restricted | 223,842,407 | 243,465,699 |
| Property taxes | 172,502,367 | 157,662,593 |
| Other general revenues | 67,563,883 | 87,352,582 |
| Total revenues | <u>606,928,381</u> | <u>657,964,836</u> |
| Expenses | | |
| Instruction-related | 330,957,216 | 350,733,240 |
| Pupil services | 63,094,499 | 63,347,442 |
| Administration | 25,971,299 | 23,051,829 |
| Plant services | 45,893,492 | 44,537,541 |
| All other services | 24,963,902 | 24,358,618 |
| Total expenses | <u>490,880,408</u> | <u>506,028,670</u> |
| Change in net position | <u>\$ 116,047,973</u> | <u>\$ 151,936,166</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 governmental activities this year was \$490,880,408. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$172,502,367, because the cost was paid by those who benefited from the programs (\$6,390,603), or by other governments and organizations who subsidized certain programs with grants and contributions (\$136,629,121). We paid for the remaining public benefit portion of our governmental activities with \$223,842,407 in Federal and State aid, and with \$67,563,883 other revenue sources such as interest and general entitlements.

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

Table 3

| | Total Cost of Services | | Net Cost of Services | |
|---------------------|------------------------|-----------------------|-------------------------|-------------------------|
| | 2025 | 2024* | 2025 | 2024* |
| Instruction-related | \$ 330,957,216 | \$ 350,733,240 | \$ (241,801,754) | \$ (235,177,766) |
| Pupil services | 63,094,499 | 63,347,442 | (34,441,483) | (32,790,754) |
| Administration | 25,971,299 | 23,051,829 | (22,400,884) | (18,389,359) |
| Plant services | 45,893,492 | 44,537,541 | (44,435,019) | (42,426,515) |
| All other services | 24,963,902 | 24,358,618 | (4,781,544) | (7,760,314) |
| Total | \$ 490,880,408 | \$ 506,028,670 | \$ (347,860,684) | \$ (336,544,708) |

* 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 \$639,874,364, which is a decrease of \$34,638,731 from last year (Table 4).

Table 4

| Governmental Fund | Balances and Activity | | | |
|---|-----------------------|--|---|-----------------------|
| | July 01, 2024 | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | June 30, 2025 |
| General | \$ 202,507,742 | \$ 463,484,220 | \$ 465,415,078 | \$ 200,576,884 |
| Student Activity Fund | 1,676,604 | 3,628,521 | 3,476,940 | 1,828,185 |
| Charter Schools | 9,820,341 | 14,958,738 | 17,306,168 | 7,472,911 |
| Adult Education | 81,567 | 358,858 | 420,327 | 20,098 |
| Child Development | 1,426,395 | 3,492,956 | 3,331,024 | 1,588,327 |
| Cafeteria | 23,059,470 | 21,192,820 | 20,743,118 | 23,509,172 |
| Building | 206,770,335 | 11,312,822 | 52,359,025 | 165,724,132 |
| Capital Facilities | 35,073,771 | 10,986,099 | 21,982,379 | 24,077,491 |
| County School Facilities | 721,729 | 7,130,183 | 7,302,385 | 549,527 |
| Special Reserve Fund for Capital Outlay Projects | 73,313,363 | 27,530,436 | 19,477,984 | 81,365,815 |
| Capital Project Fund for Blended Component Unit | 737,130 | 1,012,567 | 11,273 | 1,738,424 |
| Bond Interest and Redemption | 119,324,648 | 62,313,286 | 50,214,536 | 131,423,398 |
| Total | \$ 674,513,095 | \$ 627,401,506 | \$ 662,040,237 | \$ 639,874,364 |

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 24, 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 71).

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$881,662,643 in a broad range of capital assets (net of depreciation and amortization), including land, buildings, furniture, and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$92,900,509, or 11.78%, from last year (Table 5).

Table 5

| | Governmental Activities | |
|-------------------------------------|----------------------------|----------------|
| | 2025 | 2024 |
| Land and construction in progress | \$ 200,399,847 | \$ 191,475,119 |
| Buildings and improvements | 671,688,244 | 585,202,918 |
| Equipment | 6,908,685 | 6,643,721 |
| Leased assets | 800,024 | 1,728,123 |
| Right-to-use subscription IT assets | 1,865,843 | 3,712,253 |
| Total | \$ 881,662,643 | \$ 788,762,134 |

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

Long-Term Liabilities

At the end of this year, the District had \$849,408,727 in long-term liabilities outstanding versus \$904,873,457 last year, a decrease of 6.13%. Those long-term liabilities consisted of:

Table 6

| | Governmental Activities | |
|------------------------------------|----------------------------|----------------|
| | 2025 | 2024* |
| Long-Term Liabilities | | |
| General obligation bonds | \$ 439,385,000 | \$ 472,225,000 |
| Private placement debt issuances | 2,690,034 | 4,282,735 |
| Unamortized premiums | 35,787,870 | 38,916,060 |
| Leases | 984,074 | 1,773,083 |
| Subscription-based IT arrangements | 138,422 | 526,292 |
| Compensated absences | 31,093,639 | 3,616,158 |
| Claims liability | 1,237,648 | 3,215,383 |
| Net OPEB liability | 50,552,763 | 52,172,961 |
| Aggregate net pension liability | 287,539,277 | 328,145,785 |
| Total | \$ 849,408,727 | \$ 904,873,457 |

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

We present more detailed information regarding our long-term liabilities in Note 9, Note 10, Note 12, and Note 13.

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

- Addition of Transitional Kindergarten classrooms at 5 elementary schools
- Design for Bubbling Wells Elementary Modernization
- Modernization of Della Lindley Elementary
- New Two-story classroom building at Landau Elementary
- New Two-story classroom building at Sunny Sands Elementary
- James Workman Middle 12 new classroom replacements (900 wing) and modernization of the 200 wing
- Replacement of the Central Plant at Cathedral City High
- Modernization of Cathedral City High classrooms 200 wing
- Renovation of the Expanded Learning Opportunity warehouse building
- Design concepts for Desert Hot Springs High Athletic facilities improvements
- Completion of 12 Electric Vehicle chargers at Desert Hot Springs High School
- Installation Electric Vehicle chargers (32) at District Administration Center
- Facilities Master Plan Update
- Palm Springs High locker room and welding HVAC replacement

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:

1. Local Control Funding Formula (LCFF) per Average Daily Attendance (ADA) Cost of Living Adjustment (COLA) 2.30%.
2. Federal income will be projected at the prior year level.
3. Other State income (categorical projects) will be projected at the prior year level with COLA 2.30%.

Expenditures are based on the following forecasts:

| | Staffing Ratio | Enrollment |
|-----------------------------------|----------------|------------|
| Grades kindergarten through third | 24:1 | 5,592 |
| Grades four through five | 32:1 | 2,857 |
| Grades six through eight | 29:1 | 4,212 |
| Grades nine through twelve | 31:1 | 6,261 |

The new items specifically addressed in the budget are:

- Decreased spending as student enrollment is projected to decline the next three years. The budget was created under the assumption of a District wide stabilization plan.
- Increases to the employer contribution rate for CalPERS.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Palm Springs Unified School District, (760) 883-2700 or e-mail at jsimmons@psusd.us.

Palm Springs Unified School District
Statement of Net Position
June 30, 2025

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Deposits and investments | \$ 725,266,447 |
| Receivables | 28,516,437 |
| Prepaid expense | 40,884 |
| Stores inventories | 739,538 |
| Lease receivables | 1,239,506 |
| Capital assets not depreciated or amortized | 200,399,847 |
| Capital assets, net of accumulated depreciation and amortization | 681,262,796 |
| Total assets | 1,637,465,455 |
| Deferred Outflows of Resources | |
| Deferred charge on refunding | 5,548,302 |
| Deferred outflows of resources related to OPEB | 4,334,689 |
| Deferred outflows of resources related to pensions | 103,332,646 |
| Total deferred outflows of resources | 113,215,637 |
| Liabilities | |
| Accounts payable | 76,521,642 |
| Interest payable | 6,930,188 |
| Unearned revenue | 2,691,409 |
| Long-term liabilities | |
| Long-term liabilities other than OPEB and pensions due within one year | 50,980,693 |
| OPEB liability due within one year | 2,492,916 |
| Long-term liabilities other than OPEB and pensions due in more than one year | 460,335,994 |
| Net other postemployment benefits (OPEB) due in more than one year | 48,059,847 |
| Aggregate net pension liability | 287,539,277 |
| Total liabilities | 935,551,966 |
| Deferred Inflows of Resources | |
| Deferred charge on refunding | 4,516,912 |
| Deferred inflows of resources related to leases | 1,239,506 |
| Deferred inflows of resources related to OPEB | 14,772,193 |
| Deferred inflows of resources related to pensions | 33,327,753 |
| Total deferred inflows of resources | 53,856,364 |
| Net Position | |
| Net investment in capital assets | 569,432,765 |
| Restricted for | |
| Debt service | 124,493,210 |
| Capital projects | 62,884,824 |
| Educational programs | 98,087,411 |
| Other restrictions | 58,646,877 |
| Unrestricted (deficit) | (152,272,325) |
| Total net position | \$ 761,272,762 |

Palm Springs Unified School District
Statement of Activities
Year Ended June 30, 2025

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) |
|---|-----------------------|--------------------------------------|--|--|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Revenues and Changes in Net Position |
| | | | | | Governmental Activities |
| Governmental Activities | | | | | |
| Instruction | \$ 282,317,466 | \$ 352,014 | \$ 73,780,376 | \$ 7,130,183 | \$ (201,054,893) |
| Instruction-related activities | | | | | |
| Supervision of instruction | 19,342,160 | 13,316 | 7,128,952 | - | (12,199,892) |
| Instructional library, media, and technology | 3,920,067 | - | 152,776 | - | (3,767,291) |
| School site administration | 25,377,523 | - | 597,845 | - | (24,779,678) |
| Pupil services | | | | | |
| Home-to-school transportation | 8,046,135 | - | 38,280 | - | (8,007,855) |
| Food services | 19,502,997 | 2,230 | 20,621,278 | - | 1,120,511 |
| All other pupil services | 35,545,367 | 236,730 | 7,754,498 | - | (27,554,139) |
| Administration | | | | | |
| Data processing | 7,080,150 | 735 | 11,798 | - | (7,067,617) |
| All other administration | 18,891,149 | 31,991 | 3,525,891 | - | (15,333,267) |
| Plant services | 45,893,492 | 42,908 | 1,415,565 | - | (44,435,019) |
| Ancillary services | 7,703,270 | - | 3,717,174 | - | (3,986,096) |
| Community services | 365,844 | - | - | - | (365,844) |
| Interest on long-term liabilities | 13,707,442 | - | - | - | (13,707,442) |
| Other outgo | 3,187,346 | 5,710,679 | 10,754,505 | - | 13,277,838 |
| Total governmental activities | \$ 490,880,408 | \$ 6,390,603 | \$ 129,498,938 | \$ 7,130,183 | (347,860,684) |
| General Revenues and Subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 99,001,640 |
| Property taxes, levied for debt service | | | | | 56,305,489 |
| Taxes levied for other specific purposes | | | | | 17,195,238 |
| Federal and State aid not restricted to specific purposes | | | | | 223,842,407 |
| Interest and investment earnings | | | | | 15,003,129 |
| Interagency revenues | | | | | 23,251,230 |
| Miscellaneous | | | | | 29,309,524 |
| Total general revenues and subventions | | | | | 463,908,657 |
| Change in Net Position | | | | | 116,047,973 |
| Net Position - Beginning, as previously reported | | | | | 675,337,528 |
| Adjustments (Note 16) | | | | | (30,112,739) |
| Net Position - Beginning, as restated | | | | | 645,224,789 |
| Net Position - Ending | | | | | \$ 761,272,762 |

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------------|-----------------------|--|--|------------------------------------|--------------------------------|
| Assets | | | | | | |
| Deposits and investments | \$ 227,225,091 | \$ 180,744,895 | \$ 87,492,771 | \$ 131,423,398 | \$ 62,886,955 | \$ 689,773,110 |
| Receivables | 19,870,480 | 1,920,767 | 871,977 | - | 5,484,690 | 28,147,914 |
| Due from other funds | 10,413,631 | 1,516,484 | 2,122,606 | - | 2,627,629 | 16,680,350 |
| Prepaid expenditures | 28,884 | - | 12,000 | - | - | 40,884 |
| Stores inventories | 329,509 | - | - | - | 410,029 | 739,538 |
| Lease receivables | 1,127,071 | - | 112,435 | - | - | 1,239,506 |
| Total assets | \$ 258,994,666 | \$ 184,182,146 | \$ 90,611,789 | \$ 131,423,398 | \$ 71,409,303 | \$ 736,621,302 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 49,668,719 | \$ 18,402,523 | \$ 2,180,698 | \$ - | \$ 6,056,395 | \$ 76,308,335 |
| Due to other funds | 5,910,970 | 55,491 | 6,952,841 | - | 3,588,386 | 16,507,688 |
| Unearned revenue | 1,711,022 | - | - | - | 980,387 | 2,691,409 |
| Total liabilities | 57,290,711 | 18,458,014 | 9,133,539 | - | 10,625,168 | 95,507,432 |
| Deferred Inflows of Resources | | | | | | |
| Deferred inflows of resources related to leases | 1,127,071 | - | 112,435 | - | - | 1,239,506 |
| Fund Balances | | | | | | |
| Nonspendable | 458,393 | - | 12,000 | - | 414,269 | 884,662 |
| Restricted | 98,087,411 | 165,724,132 | 36,519,382 | 131,423,398 | 60,369,866 | 492,124,189 |
| Committed | 27,782,212 | - | - | - | - | 27,782,212 |
| Assigned | 60,297,585 | - | 44,834,433 | - | - | 105,132,018 |
| Unassigned | 13,951,283 | - | - | - | - | 13,951,283 |
| Total fund balances | 200,576,884 | 165,724,132 | 81,365,815 | 131,423,398 | 60,784,135 | 639,874,364 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 258,994,666 | \$ 184,182,146 | \$ 90,611,789 | \$ 131,423,398 | \$ 71,409,303 | \$ 736,621,302 |

See Note to Financial Statements

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

Total Fund Balance - Governmental Funds \$ 639,874,364

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 | \$ 1,218,504,932 |
| Accumulated depreciation and amortization is | <u>(336,842,289)</u> |

| | |
|--------------------|-------------|
| Net capital assets | 881,662,643 |
|--------------------|-------------|

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. (6,930,188)

An internal service fund is used by management to charge the costs
 of the workers' compensation insurance program to the individual
 funds. The assets and liabilities of the internal service fund are
 included with governmental activities in the statement of net position. 34,238,243

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

| | |
|--|--------------------|
| Debt refundings (deferred charge on refunding) | 5,548,302 |
| Other postemployment benefits (OPEB) | 4,334,689 |
| Net pension liability | <u>103,332,646</u> |

| | |
|--------------------------------------|-------------|
| Total deferred outflows of resources | 113,215,637 |
|--------------------------------------|-------------|

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

| | |
|--|---------------------|
| Debt refundings (deferred charge on refunding) | (4,516,912) |
| Net other postemployment benefits (OPEB) | (14,772,193) |
| Net pension liability | <u>(33,327,753)</u> |

| | |
|-------------------------------------|--------------|
| Total deferred inflows of resources | (52,616,858) |
|-------------------------------------|--------------|

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

| | | |
|---|---------------------|------------------------------|
| Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. | | \$ (287,539,277) |
| The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (50,552,763) |
| 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 | \$ (439,385,000) | |
| Private placement debt issuance | (2,690,034) | |
| Unamortized debt premiums | (35,787,870) | |
| Leases | (984,074) | |
| Subscription-based IT arrangements | (138,422) | |
| Compensated absences | <u>(31,093,639)</u> | |
| Total long-term liabilities | | <u>(510,079,039)</u> |
| Total net position - governmental activities | | <u><u>\$ 761,272,762</u></u> |

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|--------------------|---------------------|--|---|------------------------------------|--------------------------------|
| Revenues | | | | | | |
| Local Control Funding Formula (LCFF) | \$ 303,813,268 | \$ - | \$ - | \$ - | \$ 11,715,011 | \$ 315,528,279 |
| Federal sources | 40,101,572 | - | - | - | 16,289,756 | 56,391,328 |
| Other State sources | 65,468,398 | - | - | 193,710 | 16,688,298 | 82,350,406 |
| Other local sources | 45,819,804 | 11,312,822 | 22,212,581 | 62,119,576 | 17,976,709 | 159,441,492 |
| Total revenues | <u>455,203,042</u> | <u>11,312,822</u> | <u>22,212,581</u> | <u>62,313,286</u> | <u>62,669,774</u> | <u>613,711,505</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Instruction | 264,617,254 | - | - | - | 14,293,299 | 278,910,553 |
| Instruction-related activities | | | | | | |
| Supervision of instruction | 19,882,781 | - | - | - | 715,046 | 20,597,827 |
| Instructional library, media, and technology | 4,126,371 | - | - | - | 48,808 | 4,175,179 |
| School site administration | 25,892,004 | - | - | - | 1,140,619 | 27,032,623 |
| Pupil services | | | | | | |
| Home-to-school transportation | 8,000,347 | - | - | - | - | 8,000,347 |
| Food services | 591,745 | - | - | - | 19,347,256 | 19,939,001 |
| All other pupil services | 36,833,566 | - | - | - | 978,556 | 37,812,122 |
| Administration | | | | | | |
| Data processing | 6,351,830 | - | - | - | - | 6,351,830 |
| All other administration | 16,698,471 | - | - | - | 2,252,097 | 18,950,568 |
| Plant services | 45,379,606 | 7,800 | 996,850 | - | 1,399,841 | 47,784,097 |
| Ancillary services | 4,361,400 | - | - | - | 3,478,435 | 7,839,835 |
| Community services | 492,982 | - | - | - | - | 492,982 |
| Other outgo | 203,739 | - | - | - | - | 203,739 |
| Facility acquisition and construction | 25,240,235 | 52,318,605 | 11,438,223 | - | 26,689,380 | 115,686,443 |
| Debt service | | | | | | |
| Principal | 1,547,530 | - | 56,079 | 34,376,622 | 1,702 | 35,981,933 |
| Interest and other | 74,575 | 32,620 | 34,595 | 15,837,914 | 199 | 15,979,903 |
| Total expenditures | <u>460,294,436</u> | <u>52,359,025</u> | <u>12,525,747</u> | <u>50,214,536</u> | <u>70,345,238</u> | <u>645,738,982</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(5,091,394)</u> | <u>(41,046,203)</u> | <u>9,686,834</u> | <u>12,098,750</u> | <u>(7,675,464)</u> | <u>(32,027,477)</u> |

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|-----------------------|-----------------------|--|---|------------------------------------|--------------------------------|
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | \$ 7,908,825 | \$ - | \$ 5,317,855 | \$ - | \$ 90,968 | \$ 13,317,648 |
| Other sources - proceeds from leases | 289,997 | - | - | - | - | 289,997 |
| Other sources - proceeds from subscription-based IT arrangements | 82,356 | - | - | - | - | 82,356 |
| Transfers out | (5,120,642) | - | (6,952,237) | - | (4,228,376) | (16,301,255) |
| Net Financing Sources (Uses) | <u>3,160,536</u> | <u>-</u> | <u>(1,634,382)</u> | <u>-</u> | <u>(4,137,408)</u> | <u>(2,611,254)</u> |
| Net Change in Fund Balances | (1,930,858) | (41,046,203) | 8,052,452 | 12,098,750 | (11,812,872) | (34,638,731) |
| Fund Balance - Beginning | <u>202,507,742</u> | <u>206,770,335</u> | <u>73,313,363</u> | <u>119,324,648</u> | <u>72,597,007</u> | <u>674,513,095</u> |
| Fund Balance - Ending | <u>\$ 200,576,884</u> | <u>\$ 165,724,132</u> | <u>\$ 81,365,815</u> | <u>\$ 131,423,398</u> | <u>\$ 60,784,135</u> | <u>\$ 639,874,364</u> |

Palm Springs 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 \$ (34,638,731)

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 exceeds depreciation and amortization expense in the period.

| | |
|---------------------------------------|---------------------|
| Capital Outlay | \$ 117,841,784 |
| Depreciation and amortization expense | <u>(24,941,275)</u> |

| | |
|------------------------|------------|
| Net expense adjustment | 92,900,509 |
|------------------------|------------|

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.

(289,997)

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 in the Statement of Net Position.

(82,356)

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

2,635,258

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 net pension liability during the year.

13,526,471

Palm Springs 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 of resources and net OPEB liability during the year. | \$ 1,516,833 |
| Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. | |
| Premium amortization | 3,128,190 |
| Deferred charge on refunding amortization | 160,494 |
| Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. | |
| General obligation bonds | 32,840,000 |
| Private placement debt issuances | 1,592,701 |
| Leases | 1,079,006 |
| Subscription-based IT arrangements | 470,226 |
| 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 accrues, regardless of when it is due. | (695,235) |
| An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities. | <u>1,904,604</u> |
| Change in net position of governmental activities | <u><u>\$ 116,047,973</u></u> |

Palm Springs Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2025

| | <u>Governmental Activities - Internal Service Fund</u> |
|---------------------------------------|--|
| Assets | |
| Current assets | |
| Deposits and investments | \$ 35,493,337 |
| Receivables | 368,523 |
| Due from other funds | <u>39,992</u> |
| Total assets | <u>35,901,852</u> |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 213,307 |
| Due to other funds | 212,654 |
| Current portion of claims liabilities | <u>624,542</u> |
| Total current liabilities | <u>1,050,503</u> |
| Noncurrent liabilities | |
| Claims liabilities | <u>613,106</u> |
| Total liabilities | <u>1,663,609</u> |
| Net Position | |
| Restricted | <u><u>\$ 34,238,243</u></u> |

Palm Springs Unified School District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2025

| | Governmental Activities - Internal Service Fund |
|---------------------------------------|--|
| Operating Revenues | |
| Charges for services | \$ 6,210,984 |
| Other local revenues | 641,613 |
| Total operating revenues | 6,852,597 |
| Operating Expenses | |
| Payroll costs | 758,438 |
| Professional and contract services | 3,571,799 |
| Supplies and materials | 48,439 |
| Facility rental | 87,479 |
| Other operating cost | 2,421,086 |
| Total operating expenses | 6,887,241 |
| Operating Gain (Loss) | (34,644) |
| Nonoperating Revenues | |
| State and local grants | 18,132 |
| Interest income | 1,469,870 |
| Unrealized gain (loss) on investments | 451,246 |
| Total nonoperating revenues | 1,939,248 |
| Gain (loss) before transfers | 1,904,604 |
| Transfers in | 2,983,607 |
| Change in Net Position | 4,888,211 |
| Total Net Position - Beginning | 29,350,032 |
| Total Net Position - Ending | \$ 34,238,243 |

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

| | Governmental Activities - Internal Service Fund |
|---|--|
| Operating Activities | |
| Cash receipts from customers | \$ 6,849,099 |
| Cash payments to other suppliers of goods or services | (7,972,990) |
| Cash payments to employees for services | (758,438) |
| | (1,882,329) |
| Net Cash From (Used for) Operating Activities | |
| Noncapital Financing Activities | |
| Non-operating grants received | 18,132 |
| Transfer in from other funds | 2,983,607 |
| | 3,001,739 |
| Net Cash From (Used for) Noncapital Financing Activities | |
| Investing Activities | |
| Interest on investments | 1,488,535 |
| Unrealized gain (loss) on investments | 451,246 |
| | 1,939,781 |
| Net Cash From (Used for) Investing Activities | |
| Net Change in Cash and Cash Equivalents | 3,059,191 |
| Cash and Cash Equivalents, Beginning | 32,434,146 |
| Cash and Cash Equivalents, Ending | \$ 35,493,337 |
| Reconciliation of Operating Gain (Loss) to Net Cash From (Used for) Operating Activities | |
| Operating Gain (Loss) | \$ (34,644) |
| Changes in assets and liabilities | |
| Receivables | 4,675 |
| Due from other fund | 4,522 |
| Accounts payable | 13,464 |
| Unearned revenue | (12,695) |
| Due to other fund | 120,084 |
| Claims liability | (1,977,735) |
| | (1,882,329) |
| Net Cash From (Used for) Operating Activities | \$ (1,882,329) |

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Palm Springs Unified School District (the District) was established in 1948 and consists of an area comprising approximately 498 square miles. The District operates fifteen elementary schools, five middle schools, four high schools, one charter school, one continuation, and one adult school. There were no boundary changes during the year.

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

Other Related Entities

Charter School The District has approved a Charter for the Cielo Vista Charter School (the Charter School) pursuant to *Education Code* Section 47605. The Charter School is operated by the District, and its financial activities are presented in the Charter School Special Revenue Fund.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

As a result, the General Fund reflects an increase in fund balance of \$29,369,726.

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

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

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a local educational agency (*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.
- **Charter School Fund** The Charter Schools Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing district's General Fund.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP)

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates self-insurance programs that are accounted for in an internal service fund.

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$15,000. 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.

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

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

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

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 5 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 2 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 and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as liabilities of the governmental funds.

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

Pensions

For purposes of measuring the net pension liability, 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 aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Liabilities

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

Subscription Liabilities

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$344,112,322 of restricted net position, restricted by enabling legislation.

Operating Revenues and Expenses – Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance premiums. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

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

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside 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 | \$ 689,773,110 |
| Proprietary funds | <u>35,493,337</u> |
| Total deposits and investments | <u><u>\$ 725,266,447</u></u> |

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

| | |
|--------------------------------|------------------------------|
| Cash on hand and in banks | \$ 1,561,636 |
| Cash in revolving | 104,240 |
| Investments | <u>723,600,571</u> |
| Total deposits and investments | <u><u>\$ 725,266,447</u></u> |

Policies and Practices

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

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

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 County Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District’s portfolio is presented in the following schedule:

| Investment Type | Reported Amount | Weighted Average Maturity in Days |
|----------------------------------|-----------------|-----------------------------------|
| Riverside County Investment Pool | \$ 723,600,571 | 467 |

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. Presented below is the minimum rating required by the California *Government Code*, the District’s investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

| Investment Type | Reported Amount | Minimum Legal Rating | Rating as of Year End Moody's Aaa-bf |
|----------------------------------|-----------------|----------------------|--|
| Riverside County Investment Pool | \$ 723,600,571 | Not Applicable | \$ 723,600,571 |

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 agencies. 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 \$1,471,438 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the name of the District.

Note 3 - Receivables

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total | Internal Service Fund |
|---------------------|-----------------------------|----------------------------|--|------------------------------------|-----------------------------|-----------------------------|
| Federal Government | | | | | | |
| Categorical aid | \$ 6,257,576 | \$ - | \$ - | \$ 3,137,142 | \$ 9,394,718 | \$ - |
| State Government | | | | | | |
| Categorical aid | 6,594,969 | - | - | 1,498,824 | 8,093,793 | - |
| Lottery | 1,368,141 | - | - | 62,388 | 1,430,529 | - |
| Local Government | | | | | | |
| Interest | 2,212,788 | 1,920,764 | 847,642 | 710,725 | 5,691,919 | 356,160 |
| Other local sources | 3,437,006 | 3 | 24,335 | 75,611 | 3,536,955 | 12,363 |
| Total | <u>\$ 19,870,480</u> | <u>\$ 1,920,767</u> | <u>\$ 871,977</u> | <u>\$ 5,484,690</u> | <u>\$ 28,147,914</u> | <u>\$ 368,523</u> |

Note 4 - Capital Assets

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

| | Balance July 1, 2024 | Additions | Deductions | Balance June 30, 2025 |
|--|-------------------------|-----------------------|-------------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated or amortized | | | | |
| Land | \$ 86,882,142 | \$ 618,473 | \$ - | \$ 87,500,615 |
| Construction in progress | 104,592,977 | 110,742,474 | (102,436,219) | 112,899,232 |
| Total capital assets not being depreciated or amortized | 191,475,119 | 111,360,947 | (102,436,219) | 200,399,847 |
| Capital assets being depreciated and amortized | | | | |
| Land improvements | 31,822,723 | 21,450,746 | - | 53,273,469 |
| Buildings and improvements | 835,864,475 | 85,298,481 | - | 921,162,956 |
| Furniture and equipment | 32,705,700 | 1,422,232 | - | 34,127,932 |
| Right-to-use leased buildings and improvements | 26,358 | - | (26,358) | - |
| Right-to-use leased furniture and equipment | 5,489,273 | 289,997 | (1,560,667) | 4,218,603 |
| Right-to-use subscription IT assets | 6,848,686 | 455,600 | (1,982,161) | 5,322,125 |
| Total capital assets being depreciated and amortized | 912,757,215 | 108,917,056 | (3,569,186) | 1,018,105,085 |
| Total capital assets | 1,104,232,334 | 220,278,003 | (106,005,405) | 1,218,504,932 |
| Accumulated depreciation and amortization | | | | |
| Land improvements | (5,898,921) | (2,176,597) | - | (8,075,518) |
| Buildings and improvements | (276,585,359) | (18,087,304) | - | (294,672,663) |
| Furniture and equipment | (26,061,979) | (1,157,268) | - | (27,219,247) |
| Right-to-use leased buildings and improvements | (23,654) | (2,704) | 26,358 | - |
| Right-to-use leased furniture and equipment | (3,763,854) | (1,215,392) | 1,560,667 | (3,418,579) |
| Right-to-use subscription IT assets | (3,136,433) | (2,302,010) | 1,982,161 | (3,456,282) |
| Total accumulated depreciation and amortization | (315,470,200) | (24,941,275) | 3,569,186 | (336,842,289) |
| Net depreciable and amortizable capital assets | 597,287,015 | 83,975,781 | - | 681,262,796 |
| Governmental activities capital assets, net | \$ 788,762,134 | \$ 195,336,728 | \$ (102,436,219) | \$ 881,662,643 |

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

| | |
|---|-----------------------------|
| Governmental Activities | |
| Instruction | \$ 21,726,206 |
| Home-to-school transportation | 80,859 |
| Food services | 54,704 |
| Data processing | 1,218,096 |
| All other administration | 643,314 |
| Plant services | <u>1,218,096</u> |
| Total depreciation and amortization expense - governmental activities | <u><u>\$ 24,941,275</u></u> |

Note 5 - Lease Receivables

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

| Lease Receivable | Outstanding July 1, 2024 | Addition | Deletion | Outstanding June 30, 2025 |
|-------------------------|-----------------------------|--------------------|----------------------------|------------------------------|
| CCHS Cellular Tower | \$ 940,780 | \$ - | \$ (6,471) | \$ 934,309 |
| LES/VMES Cellular Tower | 233,250 | - | (40,488) | 192,762 |
| Land Lease | <u>331,496</u> | - | <u>(219,061)</u> | <u>112,435</u> |
| Total | <u><u>\$ 1,505,526</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (266,020)</u></u> | <u><u>\$ 1,239,506</u></u> |

CCHS Cellular Tower

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with five renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the year ended June 30, 2025, the District recognized \$6,472 in lease revenue and \$32,826 in interest revenue related to these agreements. At June 30, 2025, the District recorded \$934,309 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.50%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

LES/VMES Cellular Tower

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with one renewal period of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the year ended June 30, 2025, the District recognized \$40,488 in lease revenue and \$7,518 in interest revenue related to these agreements. At June 30, 2025, the District recorded \$192,762 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.50%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Land Lease

The District licenses (leases) a portion of its facilities for satellite campus site to College of the Desert. These licenses are non-cancelable for a period of five years, with one renewal period of three years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and facilities, and restore the site to its original state. During the year ended June 30, 2025, the District recognized \$219,061 in lease revenue and \$8,110 in interest revenue related to these agreements. At June 30, 2025, the District recorded \$112,435 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.50%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

| Due To | Due From | | | | | Total |
|--|---------------------|------------------|--|------------------------------|-----------------------|----------------------|
| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Internal Service Fund | |
| General Fund | \$ - | \$ 55,491 | \$ 6,952,841 | \$ 3,192,645 | \$ 212,654 | \$ 10,413,631 |
| Building Fund | 1,197,237 | - | - | 319,247 | - | 1,516,484 |
| Special Reserve Fund for Capital Outlay Projects | 2,122,606 | - | - | - | - | 2,122,606 |
| Non-Major Governmental Funds | 2,552,316 | - | - | 75,313 | - | 2,627,629 |
| Internal Service Fund | 38,811 | - | - | 1,181 | - | 39,992 |
| Total | \$ 5,910,970 | \$ 55,491 | \$ 6,952,841 | \$ 3,588,386 | \$ 212,654 | \$ 16,720,342 |

The balance of \$1,197,237 is due to the Building Fund from the General Fund for reimbursement of costs.

A balance of \$2,100,000 is due to the Special Reserve Fund for Capital Outlay Projects from the General Fund for project costs.

A balance of \$2,310,040 is due to the Capital Facilities Non-Major Governmental Fund from the General Fund for reimbursement of costs.

A balance of \$6,294,533 is due to the General Fund from the Special Reserve Fund for Capital Outlay Projects for deferred maintenance costs.

A balance of \$2,067,538 is due to the General Fund from the Charter School Non-Major Governmental Fund for payroll and indirect costs.

A balance of \$1,060,976 is due to the General Fund from the Child Development Non-Major Governmental Fund for payroll and indirect costs.

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

Operating Transfers

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

| | |
|--|-----------------------------|
| The General Fund transferred to the Charter School Non-Major Governmental Fund for reimbursement of costs. | \$ 1,500 |
| The General Fund transferred to the Child Development Non-Major Governmental Fund for Uncollectable Refund. | 33,488 |
| The General Fund transferred to the Cafeteria Non-Major Governmental Fund for reimbursement of costs. | 2,047 |
| The General Fund transferred to the Self-Insurance Fund for 2024/2025 Pool Contribution. | 2,983,607 |
| The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for deferred maintenance. | 2,100,000 |
| The Charter Non-Major Governmental Fund transferred to the General Fund for Cielo Vista Charter special education contribution share. | 956,588 |
| The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for reimbursement of cost. | 3,217,855 |
| The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for routine restricted maintenance. | 6,952,237 |
| The Capital Facilities Non-Major Governmental Fund transferred to the Capital Project for Blended Component Units Non-Major Governmental Fund for Capital Facilities Projects. | <u>53,933</u> |
| Total | <u><u>\$ 16,301,255</u></u> |

Note 7 - Accounts Payable

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total | Internal Service Fund |
|-----------------------|----------------------|----------------------|--|------------------------------------|----------------------|-----------------------------|
| Vendor payables | \$ 5,087,492 | \$ 15,066 | \$ 13,150 | \$ 1,004,656 | \$ 6,120,364 | \$ 212,674 |
| LCFF apportionment | 40,856,096 | - | - | 791,964 | 41,648,060 | - |
| Salaries and benefits | 3,624,715 | - | - | 108,873 | 3,733,588 | 633 |
| Construction | 100,416 | 18,387,457 | 2,167,548 | 4,150,902 | 24,806,323 | - |
| Total | \$ 49,668,719 | \$ 18,402,523 | \$ 2,180,698 | \$ 6,056,395 | \$ 76,308,335 | \$ 213,307 |

Note 8 - Unearned Revenue

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

| | General Fund | Non-Major Governmental Funds | Total |
|------------------------------|---------------------|------------------------------------|---------------------|
| Federal financial assistance | \$ 909,654 | \$ 9,158 | \$ 918,812 |
| State categorical aid | 801,368 | 971,229 | 1,772,597 |
| Total | \$ 1,711,022 | \$ 980,387 | \$ 2,691,409 |

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 | \$ 472,225,000 | \$ - | \$ (32,840,000) | \$ 439,385,000 | \$ 35,180,000 |
| Private placement debt issuances | 4,282,735 | - | (1,592,701) | 2,690,034 | 1,655,404 |
| Unamortized debt premiums | 38,916,060 | - | (3,128,190) | 35,787,870 | - |
| Leases | 1,773,083 | 289,997 | (1,079,006) | 984,074 | 737,022 |
| Subscription-based IT arrangements | 526,292 | 82,356 | (470,226) | 138,422 | 93,329 |
| Compensated absences | 33,728,897 | - | (2,635,258) | 31,093,639 | 12,690,396 |
| Claims liability | 3,215,383 | - | (1,977,735) | 1,237,648 | 624,542 |
| | <u>\$ 554,667,450</u> | <u>\$ 372,353</u> | <u>\$ (43,723,116)</u> | <u>\$ 511,316,687</u> | <u>\$ 50,980,693</u> |
| Total | | | | | |

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

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the private placement debt are made by Special Reserve Fund for Capital Outlay Projects and by the Bond Interest and Redemption Fund. Payments on the leases are made by the General Fund and the Charter School Non-Major Governmental Fund. Payments on the subscription-based IT arrangements are made by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

| Issuance Date | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2024 | Issued | Redeemed | Bonds Outstanding June 30, 2025 |
|---------------|---------------------|---------------|----------------|--------------------------------|-------------|------------------------|---------------------------------|
| 07/30/14 | 08/01/36 | 0.10% - 5.00% | 100,085,000 | \$ 69,215,000 | \$ - | \$ (4,330,000) | \$ 64,885,000 |
| 07/07/16 | 08/01/33 | 4.00% - 5.00% | 77,215,000 | 71,865,000 | - | (4,270,000) | 67,595,000 |
| 07/28/16 | 08/01/33 | 2.00% - 4.00% | 100,000,000 | 70,520,000 | - | (4,160,000) | 66,360,000 |
| 10/28/20 | 08/01/32 | 0.39% - 2.22% | 29,900,000 | 23,465,000 | - | (2,705,000) | 20,760,000 |
| 04/20/21 | 08/01/34 | 1.25% - 4.00% | 118,000,000 | 87,845,000 | - | (14,175,000) | 73,670,000 |
| 08/01/23 | 08/01/35 | 5.00% | 45,540,000 | 45,540,000 | - | (2,740,000) | 42,800,000 |
| 08/01/23 | 08/01/33 | 5.00% | 5,315,000 | 5,315,000 | - | (460,000) | 4,855,000 |
| 05/22/24 | 08/01/49 | 4.00% - 5.00% | 98,460,000 | 98,460,000 | - | - | 98,460,000 |
| | | | | <u>\$ 472,225,000</u> | <u>\$ -</u> | <u>\$ (32,840,000)</u> | <u>\$ 439,385,000</u> |

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

| Fiscal Year | Principal | Current Interest to Maturity | Total |
|-------------|-----------------------|------------------------------|-----------------------|
| 2026 | \$ 35,180,000 | \$ 15,815,943 | \$ 50,995,943 |
| 2027 | 29,825,000 | 14,533,619 | 44,358,619 |
| 2028 | 31,735,000 | 13,441,198 | 45,176,198 |
| 2029 | 33,955,000 | 12,188,946 | 46,143,946 |
| 2030 | 36,455,000 | 10,742,607 | 47,197,607 |
| 2031-2035 | 180,780,000 | 34,189,093 | 214,969,093 |
| 2036-2040 | 28,195,000 | 16,256,500 | 44,451,500 |
| 2041-2045 | 24,805,000 | 11,034,625 | 35,839,625 |
| 2046-2050 | 38,455,000 | 4,082,500 | 42,537,500 |
| Total | <u>\$ 439,385,000</u> | <u>\$ 132,285,031</u> | <u>\$ 571,670,031</u> |

Private Placement Debt Issuances

The outstanding private placement debt issuances is as follows:

| Issuance Date | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2024 | Issued | Redeemed | Bonds Outstanding June 30, 2025 |
|---------------|---------------------|---------------|----------------|--------------------------------|-------------|-----------------------|---------------------------------|
| 05/26/10 | 02/01/26 | 4.37% | \$ 19,539,035 | \$ 3,134,673 | \$ - | \$ (1,536,622) | \$ 1,598,051 |
| 07/01/21 | 06/30/41 | 2.27% | 1,338,684 | 1,148,062 | - | (56,079) | 1,091,983 |
| | | | | <u>\$ 4,282,735</u> | <u>\$ -</u> | <u>\$ (1,592,701)</u> | <u>\$ 2,690,034</u> |

The current interest private placement debt issuances mature as follows:

| Year Ending June 30, | Principal | Current Interest to Maturity | Total |
|-------------------------|---------------------|------------------------------------|---------------------|
| 2026 | \$ 1,655,404 | \$ 94,655 | \$ 1,750,059 |
| 2027 | 58,657 | 23,517 | 82,174 |
| 2028 | 59,991 | 22,183 | 82,174 |
| 2029 | 61,354 | 20,820 | 82,174 |
| 2030 | 62,749 | 19,425 | 82,174 |
| 2031-2035 | 335,797 | 75,073 | 410,870 |
| 2036-2040 | 375,734 | 35,136 | 410,870 |
| 2041 | 80,348 | 1,826 | 82,174 |
| Total | <u>\$ 2,690,034</u> | <u>\$ 292,635</u> | <u>\$ 2,982,669</u> |

Lease Liability

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

| Lease | Leases Outstanding July 1, 2024 | Addition | Payments | Leases Outstanding June 30, 2025 |
|---|---------------------------------------|-------------------|-----------------------|--|
| Turf Tank | \$ - | \$ 124,108 | \$ (44,000) | \$ 80,108 |
| District Office Copiers | - | 165,889 | (16,477) | 149,412 |
| Cielo Vista Charter copiers Renewal | 6,644 | - | (1,702) | 4,942 |
| District Wide printers and copiers | 299,191 | - | (299,191) | - |
| District reprographics - printers | 5,374 | - | (5,374) | - |
| District reprographics - copiers | 1,016,873 | - | (500,923) | 515,950 |
| ERMHS Copier Lease | 4,813 | - | (1,557) | 3,256 |
| Behavioral Health Copier Leases | 3,256 | - | (1,604) | 1,652 |
| Print Shop Mailroom Postage Meter Lease | 97,625 | - | (33,552) | 64,073 |
| Print Shop Cutter Lease | 184,114 | - | (122,141) | 61,973 |
| Space Rental | 2,912 | - | (2,912) | - |
| Enterprise Vehicle Lease | 20,593 | - | (8,007) | 12,586 |
| Enterprise Vehicle Lease 2 | 131,688 | - | (41,566) | 90,122 |
| Total | <u>\$ 1,773,083</u> | <u>\$ 289,997</u> | <u>\$ (1,079,006)</u> | <u>\$ 984,074</u> |

The District entered into thirteen agreements to lease equipment, vehicles, and facilities space through June 30, 2030. Under the terms of the leases, the District paid the annual lease payments of \$1,136,090. At June 30, 2025, the District has recognized a right-to-use leased asset of \$800,024 and a lease liability of \$984,074 related to these agreements. During the fiscal year, the District recorded \$1,218,096 in amortization expense and \$57,084 in interest expense for the right to use leased assets. The District used a discount rate ranging from 3.00% - 6.50%, based on the rates available to finance equipment and facilities leases over the same time periods.

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

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|------------------|---------------------|
| 2026 | \$ 737,022 | \$ 36,341 | \$ 773,363 |
| 2027 | 154,154 | 11,854 | 166,008 |
| 2028 | 38,372 | 4,700 | 43,072 |
| 2029 | 35,782 | 2,394 | 38,176 |
| 2030 | 18,744 | 344 | 19,088 |
| Total | \$ 984,074 | \$ 55,633 | \$ 1,039,707 |

Claims Liability

The District has an outstanding long-term liability for claims for the District’s Workers’ Compensation Insurance Program in the amount of \$1,237,648.

Subscription-Based Information Technology Arrangements (SBITAs)

The District entered into eight SBITA contracts for the use of digital curriculum software, platform as a service, and safety software. At June 30, 2025, the District has recognized a right-to-use subscription IT asset of \$1,865,843 and a SBITA liability of \$138,421, related to these agreements. During the fiscal year, the District recorded \$2,302,010 in amortization expense. The District is required to make annual principal and interest payments through June 2028. The subscriptions have an interest rate of 3.00%, based on the District’s borrowing rate.

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 | \$ 93,329 | \$ 4,153 | \$ 97,482 |
| 2027 | 45,092 | 1,353 | 46,445 |
| Total | \$ 138,421 | \$ 5,506 | \$ 143,927 |

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported net OPEB liability, 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 | \$ 49,613,550 | \$ 4,334,689 | \$ 14,772,193 | \$ (1,321,163) |
| Medicare Premium Payment (MPP) Program | 939,213 | - | - | (195,670) |
| Total | <u>\$ 50,552,763</u> | <u>\$ 4,334,689</u> | <u>\$ 14,772,193</u> | <u>\$ (1,516,833)</u> |

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2025, the valuation date, the Plan membership consisted of the following:

| | |
|---|---------------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 172 |
| Active employees | <u>2,393</u> |
| Total | <u><u>2,565</u></u> |

Benefits Provided

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

Benefit Payments

The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the Palm Springs Teachers Association (PSTA), the Teamsters, 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, PSTA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2025, the District paid \$2,443,387 in benefits.

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, 2025 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% |
| 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 Mortality for Miscellaneous and School 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 reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actual experience study for the period July 1, 2024 to June 30, 2025.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance, June 30, 2024 | \$ 51,038,078 |
| Service cost | 2,599,144 |
| Interest | 2,008,857 |
| Differences between expected and actual experience | 1,950,188 |
| Changes of assumptions | (5,539,330) |
| Benefit payments | (2,443,387) |
| Net change in total OPEB liability | (1,424,528) |
| Balance, June 30, 2025 | \$ 49,613,550 |

No changes to benefits noted from the prior evaluation.

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% lower or higher than the current rate:

| Discount Rate | Total OPEB Liability |
|-------------------------------|----------------------|
| 1% decrease (4.20%) | \$ 53,925,876 |
| Current discount rate (5.20%) | 49,613,550 |
| 1% increase (6.20%) | 45,668,238 |

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% lower or higher than the current healthcare costs trend rates:

| Healthcare Cost Trend Rates | Total OPEB Liability |
|--|----------------------|
| 1% decrease (3.00%) | \$ 44,164,995 |
| Current healthcare cost trend rate (4.00%) | 49,613,550 |
| 1% increase (5.00%) | 56,068,556 |

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$(1,321,163). At June 30, 2025, District reported deferred inflows of resources related to the OPEB from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 2,119,947 | \$ 1,844,166 |
| Changes of assumptions | 2,214,742 | 12,928,027 |
| Total | \$ 4,334,689 | \$ 14,772,193 |

The deferred outflows/(inflows) of resources for changes of assumptions and differences in expected and actual experience will be amortized over the Expected Average remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 13.1 years, and the deferred outflows/(inflows) of resources will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|------------------------|--|
| 2026 | \$ (843,451) |
| 2027 | (808,807) |
| 2028 | (804,773) |
| 2029 | (889,378) |
| 2030 | (1,299,845) |
| Thereafter | (5,791,250) |
| Total | \$ (10,437,504) |

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 \$939,213 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 0.3524%, and 0.3740%, resulting in a net decrease in the proportionate share of 0.0216%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(195,670).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

| Discount Rate | Net OPEB Liability |
|-------------------------------|--------------------|
| 1% decrease (2.93%) | \$ 1,013,386 |
| Current discount rate (3.93%) | 939,213 |
| 1% increase (4.93%) | 873,989 |

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) | \$ 870,080 |
| Current Medicare costs trend rate (5.00% Part A and 6.50% Part B) | 939,213 |
| 1% increase (6.00% Part A and 7.50% Part B) | 1,016,396 |

Note 11 - Fund Balances

Fund balances are composed of the following elements:

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total |
|---|----------------------|----------------------|--|---|------------------------------------|----------------------|
| Nonspendable | | | | | | |
| Revolving cash | \$ 100,000 | \$ - | \$ - | \$ - | \$ 4,240 | \$ 104,240 |
| Stores inventories | 329,509 | - | - | - | 410,029 | 739,538 |
| Prepaid expenditures | 28,884 | - | 12,000 | - | - | 40,884 |
| Total nonspendable | <u>458,393</u> | <u>-</u> | <u>12,000</u> | <u>-</u> | <u>414,269</u> | <u>884,662</u> |
| Restricted | | | | | | |
| Legally restricted programs | 98,087,411 | - | - | - | 34,004,424 | 132,091,835 |
| Capital projects | - | 165,724,132 | 36,519,382 | - | 26,365,442 | 228,608,956 |
| Debt services | - | - | - | 131,423,398 | - | 131,423,398 |
| Total restricted | <u>98,087,411</u> | <u>165,724,132</u> | <u>36,519,382</u> | <u>131,423,398</u> | <u>60,369,866</u> | <u>492,124,189</u> |
| Committed | | | | | | |
| Structural deficit | 27,782,212 | - | - | - | - | 27,782,212 |
| Assigned | | | | | | |
| Anderson grants | 32,929 | - | - | - | - | 32,929 |
| Budget contingencies | 493,893 | - | - | - | - | 493,893 |
| Capital projects | - | - | 5,378,326 | - | - | 5,378,326 |
| CYBH Initiative | 9,772 | - | - | - | - | 9,772 |
| Deferred maintenance | 3,000,006 | - | 15,038,075 | - | - | 18,038,081 |
| Donations | 182,735 | - | - | - | - | 182,735 |
| Facilities usage | 236,007 | - | - | - | - | 236,007 |
| Gates Foundation | 1,610 | - | - | - | - | 1,610 |
| Juuls Settlements | 367,119 | - | - | - | - | 367,119 |
| Local grants | 36,317 | - | - | - | - | 36,317 |
| Medi-Cal administrative activities | 278,038 | - | - | - | - | 278,038 |
| One-time furniture replacement | 1,332,896 | - | - | - | - | 1,332,896 |
| Operational expectations | 39,430,715 | - | - | - | - | 39,430,715 |
| OPSC refunds for modernization projects | - | - | 24,199,845 | - | - | 24,199,845 |
| Riverside County mental health contract | 110,990 | - | - | - | - | 110,990 |
| Site Discretionary | 491,266 | - | - | - | - | 491,266 |
| Textbooks | 7,605,674 | - | - | - | - | 7,605,674 |
| The Foundation at PSUSD | 5,217 | - | - | - | - | 5,217 |
| Transportation increase | 990,000 | - | - | - | - | 990,000 |
| Other assigned | 5,692,401 | - | 218,187 | - | - | 5,910,588 |
| Total assigned | <u>60,297,585</u> | <u>-</u> | <u>44,834,433</u> | <u>-</u> | <u>-</u> | <u>105,132,018</u> |
| Unassigned | | | | | | |
| Reserve for economic uncertainties | 13,951,283 | - | - | - | - | 13,951,283 |
| Total | <u>\$200,576,884</u> | <u>\$165,724,132</u> | <u>\$ 81,365,815</u> | <u>\$131,423,398</u> | <u>\$ 60,784,135</u> | <u>\$639,874,364</u> |

Note 12 - Risk Management**Description**

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance through Southern California Regional Liability Excess Fund Joint Powers Authority for first party damage with coverage up to a maximum of \$250 million, subject to Member Retained Limits ranging from \$250 to \$5,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence with excess liability coverage up to \$24 million per occurrence and \$52 million aggregate, all subject to a \$5,000 Member Retained Limit per occurrence. The District self-insures workers' compensation coverage up to \$1,000,000 per occurrence with excess coverage up to \$10,000,000.

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, 2022, the District contracted with Southern California Regional Liability Excess Fund (SoCal ReLiEF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC) to provide employee medical benefits. SISC is a shared risk pool comprised of 32 member Districts and Inland Empire region. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

The District has contracted with Teamsters Miscellaneous Security Trust (TMST) to provide employee health benefits. TMST represents 23 Teamster Unions Locals located in Southern California, Southern Nevada, Guam, Saipan, and Hawaii. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Claims Liabilities

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

Unpaid Claims Liabilities

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

| | Workers' Compensation |
|---|--------------------------|
| Liability Balance, July 1, 2023 | \$ 3,297,522 |
| Claims and changes in estimates | 2,393,516 |
| Claims payments | (2,475,655) |
| | 3,215,383 |
| Liability Balance, June 30, 2024 | (976,440) |
| Claims and changes in estimates | (1,001,295) |
| Claims payments | (1,001,295) |
| | \$ 1,237,648 |
| Liability Balance, June 30, 2025 | \$ 1,237,648 |
| Assets available to pay claims at June 30, 2025 | \$ 35,901,852 |

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 | Aggregate Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|--------------|------------------------------------|-----------------------------------|----------------------------------|-----------------|
| CalSTRS | \$ 162,226,333 | \$ 60,706,616 | \$ 27,642,529 | \$ 15,793,410 |
| CalPERS | 125,312,944 | 42,626,030 | 5,685,224 | 22,944,009 |
| | \$ 287,539,277 | \$ 103,332,646 | \$ 33,327,753 | \$ 38,737,419 |
| Total | \$ 287,539,277 | \$ 103,332,646 | \$ 33,327,753 | \$ 38,737,419 |

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District’s total contributions were \$32,307,191.

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 | \$ 162,226,333 |
| State's proportionate share of the net pension liability | <u>74,430,000</u> |
| Total | <u><u>\$ 236,656,333</u></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 0.2415% and 0.2529%, resulting in a net decrease in the proportionate share of 0.0114%.

For the year ended June 30, 2025, the District recognized pension expense of \$15,793,410. In addition, the District recognized pension expense and revenue of \$6,775,981 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 | \$ 32,307,191 | \$ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 9,339,407 | 8,814,390 |
| Differences between projected and actual earnings on pension plan investments | - | 654,577 |
| Differences between expected and actual experience in the measurement of the total pension liability | 18,349,887 | 7,094,066 |
| Changes of assumptions | <u>710,131</u> | <u>11,079,496</u> |
| Total | <u><u>\$ 60,706,616</u></u> | <u><u>\$ 27,642,529</u></u> |

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

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

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|------------------------|--|
| 2026 | \$ (10,875,193) |
| 2027 | 13,097,774 |
| 2028 | (1,068,618) |
| 2029 | (1,808,540) |
| Total | <u>\$ (654,577)</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 | \$ 24,451 |
| 2027 | (641,153) |
| 2028 | (231,773) |
| 2029 | 1,701,055 |
| 2030 | 2,287,867 |
| Thereafter | (1,728,974) |
| Total | <u>\$ 1,411,473</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% |
| Fixed income | 15% | 4.05% |
| Real estate | 14% | 6.75% |
| Private equity | 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:

| <u>Discount Rate</u> | <u>Net Pension Liability</u> |
|-------------------------------|------------------------------|
| 1% decrease (6.10%) | \$ 288,547,564 |
| Current discount rate (7.10%) | 162,226,333 |
| 1% increase (8.10%) | 56,742,865 |

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$19,936,406.

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 \$125,312,944. 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 0.3506% and 0.3745%, resulting in a net decrease in the proportionate share of 0.0239%.

Palm Springs Unified School District

Notes to Financial Statements

June 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$22,944,009. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date | \$ 19,936,406 | \$ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 4,546,442 | 4,788,364 |
| Differences between projected and actual earnings on pension plan investments | 4,867,684 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 10,505,659 | 896,860 |
| Changes of assumptions | <u>2,769,839</u> | <u>-</u> |
| Total | <u>\$ 42,626,030</u> | <u>\$ 5,685,224</u> |

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

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

| <u>Year Ended June 30,</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|--------------------------------|---|
| 2026 | \$ (41,963) |
| 2027 | 7,568,142 |
| 2028 | (1,118,287) |
| 2029 | <u>(1,540,208)</u> |
| Total | <u>\$ 4,867,684</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:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|------------------------|--|
| 2026 | \$ 7,260,896 |
| 2027 | 4,017,865 |
| 2028 | 857,955 |
| Total | <u>\$ 12,136,716</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:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------|---------------------------------|---|
| 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:

| <u>Discount Rate</u> | <u>Net Pension Liability</u> |
|-------------------------------|------------------------------|
| 1% decrease (5.90%) | \$ 186,153,425 |
| Current discount rate (6.90%) | 125,312,944 |
| 1% increase (7.90%) | 75,053,865 |

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 the Social Security as its alternative 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 \$15,028,975 (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 committed under various capital expenditure purchase agreements for various projects totaling approximately \$304.8 million, to be completed by June 30, 2027, to be funded through general obligation bonds and capital project apportionments from California Department of General Services.

Note 15 - Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Southern California Regional Liability Excess Fund (SoCal ReLiEF), Self-Insured Schools of California (SISC), Teamsters Miscellaneous Security Trust (TMST), and the Riverside Schools Risk Management Authority (RSRMA) a joint powers authority (JPA). The relationship between the District and the JPA is such that it is not a component unit 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 JPA and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2025, the District made payments of \$2,332,032, \$25,006,524, \$14,955,145, and \$563,803 to SoCal ReLiEF, SISC, TMST, and RSRMA, respectively, for its health coverage, property liability and workers' compensation.

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 \$14,398,134 and \$15,714,605, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

| | Government-Wide Governmental Activities |
|---|---|
| Beginning, as previously reported on July 1, 2024 | \$ 675,337,528 |
| Change in accounting principle | (30,112,739) |
| Beginning, as Restated on July 1, 2024 | \$ 645,224,789 |

Required Supplementary Information
June 30, 2025

Palm Springs Unified School District

Palm Springs 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 | \$ 303,448,247 | \$ 303,487,353 | \$ 303,813,268 | \$ 325,915 |
| Federal sources | 20,854,970 | 49,283,313 | 40,101,572 | (9,181,741) |
| Other State sources | 56,165,616 | 65,399,036 | 65,468,398 | 69,362 |
| Other local sources | 22,553,808 | 41,317,166 | 45,819,804 | 4,502,638 |
| Total revenues ¹ | <u>403,022,641</u> | <u>459,486,868</u> | <u>455,203,042</u> | <u>(4,283,826)</u> |
| Expenditures | | | | |
| Current | | | | |
| Certificated salaries | 166,155,284 | 168,304,343 | 166,761,054 | 1,543,289 |
| Classified salaries | 70,025,740 | 70,280,371 | 69,351,935 | 928,436 |
| Employee benefits | 126,704,830 | 125,452,307 | 122,505,806 | 2,946,501 |
| Books and supplies | 15,501,264 | 39,984,191 | 15,404,375 | 24,579,816 |
| Services and operating expenditures | 50,765,809 | 67,653,500 | 61,332,037 | 6,321,463 |
| Other outgo | (1,898,136) | (2,054,784) | (3,082,661) | 1,027,877 |
| Capital outlay | 593,964 | 24,259,103 | 26,399,785 | (2,140,682) |
| Debt service - principal | - | - | 1,547,530 | (1,547,530) |
| Debt service - interest and other | - | - | 74,575 | (74,575) |
| Total expenditures ¹ | <u>427,848,755</u> | <u>493,879,031</u> | <u>460,294,436</u> | <u>33,584,595</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(24,826,114)</u> | <u>(34,392,163)</u> | <u>(5,091,394)</u> | <u>29,300,769</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 20,893,074 | 8,668,674 | 7,908,825 | (759,849) |
| Other sources - leases | - | - | 289,997 | 289,997 |
| Other sources - subscription-based IT arrangements | - | - | 82,356 | 82,356 |
| Transfers out | (3,284,035) | (3,202,758) | (5,120,642) | (1,917,884) |
| Net financing sources (uses) | <u>17,609,039</u> | <u>5,465,916</u> | <u>3,160,536</u> | <u>(2,305,380)</u> |
| Net Change in Fund Balances | (7,217,075) | (28,926,247) | (1,930,858) | 26,995,389 |
| Fund Balance - Beginning | 202,507,742 | 202,507,742 | 202,507,742 | - |
| Fund Balance - Ending | <u>\$ 195,290,667</u> | <u>\$ 173,581,495</u> | <u>\$ 200,576,884</u> | <u>\$ 26,995,389</u> |

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

Palm Springs 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 | \$ 2,599,144 | \$ 2,661,826 | \$ 2,662,250 | \$ 3,293,122 |
| Interest | 2,008,857 | 1,834,470 | 1,668,098 | 1,086,343 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | 1,950,188 | - | 341,687 | - |
| Changes of assumptions | (5,539,330) | (1,249,347) | 307,576 | (5,984,065) |
| Benefit payments | (2,443,387) | (2,274,798) | (1,407,932) | (1,096,530) |
| Net change in total OPEB liability | (1,424,528) | 972,151 | 3,571,679 | (2,701,130) |
| Total OPEB Liability - Beginning | 51,038,078 | 50,065,927 | 46,494,248 | 49,195,378 |
| Total OPEB Liability - Ending | <u>\$ 49,613,550</u> | <u>\$ 51,038,078</u> | <u>\$ 50,065,927</u> | <u>\$ 46,494,248</u> |
| Covered Payroll | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| Total OPEB Liability as a Percentage of Covered Payroll | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| Measurement Date | June 30, 2025 | June 30, 2024 | June 30, 2023 | June 30, 2022 |
| | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | | |
| Service cost | \$ 3,094,993 | \$ 3,004,848 | \$ 2,517,617 | \$ 2,563,184 |
| Interest | 1,197,997 | 1,192,239 | 1,851,832 | 1,680,193 |
| Changes of benefit terms | - | (1,058,918) | - | - |
| Difference between expected and actual experience | (2,822,929) | 13,862 | 63,979 | 181,335 |
| Changes of assumptions | (3,903,921) | 4,090,852 | 1,251,556 | (1,055,121) |
| Benefit payments | (2,555,380) | (2,400,649) | (2,551,740) | (2,357,253) |
| Net change in total OPEB liability | (4,989,240) | 4,842,234 | 3,133,244 | 1,012,338 |
| Total OPEB Liability - Beginning | 54,184,618 | 49,342,384 | 46,209,140 | 45,196,802 |
| Total OPEB Liability - Ending | <u>\$ 49,195,378</u> | <u>\$ 54,184,618</u> | <u>\$ 49,342,384</u> | <u>\$ 46,209,140</u> |
| Covered Payroll | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| Total OPEB Liability as a Percentage of Covered Payroll | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| Measurement Date | June 30, 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.

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

| Year ended June 30, | 2025 | 2024 | 2023 | 2022 |
|--|------------------|------------------|------------------|------------------|
| Proportion of the net OPEB liability | 0.3524% | 0.3740% | 0.3587% | 0.3542% |
| Proportionate share of the net OPEB liability | \$ 939,213 | \$ 1,134,883 | \$ 1,181,536 | \$ 1,412,778 |
| 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 | 0.4153% | 0.3729% | 0.3625% | 0.3625% |
| Proportionate share of the net OPEB liability | \$ 1,760,166 | \$ 1,388,630 | \$ 1,387,493 | \$ 1,743,573 |
| 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.

Palm Springs 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 | 0.2415% | 0.2529% | 0.2390% | 0.2356% | 0.2384% |
| Proportionate share of the net pension liability | \$ 162,226,333 | \$ 192,579,084 | \$ 166,067,381 | \$ 107,233,655 | \$ 230,999,055 |
| State's proportionate share of the net pension liability | 74,430,000 | 92,270,054 | 83,165,895 | 53,955,816 | 119,080,040 |
| Total | <u>\$ 236,656,333</u> | <u>\$ 284,849,138</u> | <u>\$ 249,233,276</u> | <u>\$ 161,189,471</u> | <u>\$ 350,079,095</u> |
| Covered payroll | <u>\$ 168,006,927</u> | <u>\$ 156,807,623</u> | <u>\$ 140,239,309</u> | <u>\$ 131,157,282</u> | <u>\$ 131,966,058</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 96.56% | 122.81% | 118.42% | 81.76% | 175.04% |
| 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 |
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Proportion of the net pension liability | 0.2413% | 0.2305% | 0.2289% | 0.2308% | 0.2203% |
| Proportionate share of the net pension liability | \$ 217,900,290 | \$ 211,855,128 | \$ 211,702,726 | \$ 186,675,227 | \$ 148,312,147 |
| State's proportionate share of the net pension liability | 118,879,155 | 121,296,969 | 125,241,544 | 106,286,523 | 78,440,566 |
| Total | <u>\$ 336,779,445</u> | <u>\$ 333,152,097</u> | <u>\$ 336,944,270</u> | <u>\$ 292,961,750</u> | <u>\$ 226,752,713</u> |
| Covered payroll | <u>\$ 131,111,296</u> | <u>\$ 124,947,685</u> | <u>\$ 122,773,402</u> | <u>\$ 113,836,850</u> | <u>\$ 113,836,850</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 166.19% | 169.56% | 172.43% | 163.98% | 130.28% |
| 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 |

Palm Springs 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 | 0.3506% | 0.3745% | 0.3456% | 0.3369% | 0.3359% |
| Proportionate share of the net pension liability | \$ 125,312,944 | \$ 135,566,701 | \$ 118,926,444 | \$ 68,500,255 | \$ 103,062,273 |
| Covered payroll | \$ 71,772,463 | \$ 65,193,843 | \$ 53,500,637 | \$ 48,741,531 | \$ 48,591,618 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 174.60% | 207.94% | 222.29% | 140.54% | 212.10% |
| 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 | 0.3281% | 0.3293% | 0.3267% | 0.3258% | 0.3013% |
| Proportionate share of the net pension liability | \$ 95,635,221 | \$ 87,807,338 | \$ 77,989,257 | \$ 64,353,119 | \$ 44,414,852 |
| Covered payroll | \$ 45,824,731 | \$ 43,606,980 | \$ 41,678,190 | \$ 40,021,930 | \$ 40,021,930 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 208.70% | 201.36% | 187.12% | 160.79% | 110.98% |
| 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 |

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

| CalSTRS | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Contractually required contribution | \$ 32,307,191 | \$ 32,089,323 | \$ 29,950,256 | \$ 23,728,491 | \$ 21,181,901 |
| Less contributions in relation to the contractually required contribution | <u>32,307,191</u> | <u>32,089,323</u> | <u>29,950,256</u> | <u>23,728,491</u> | <u>21,181,901</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 169,147,597</u> | <u>\$ 168,006,927</u> | <u>\$ 156,807,623</u> | <u>\$ 140,239,309</u> | <u>\$ 131,157,282</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 | \$ 22,566,196 | \$ 21,344,919 | \$ 18,029,951 | \$ 15,444,894 | \$ 12,214,694 |
| Less contributions in relation to the contractually required contribution | <u>22,566,196</u> | <u>21,344,919</u> | <u>18,029,951</u> | <u>15,444,894</u> | <u>12,214,694</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 131,966,058</u> | <u>\$ 131,111,296</u> | <u>\$ 124,947,685</u> | <u>\$ 122,773,402</u> | <u>\$ 113,836,850</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> |

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

| CalPERS | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution | \$ 19,936,406 | \$ 19,148,893 | \$ 16,539,678 | \$ 12,256,996 | \$ 10,089,497 |
| Less contributions in relation to the contractually required contribution | <u>19,936,406</u> | <u>19,148,893</u> | <u>16,539,678</u> | <u>12,256,996</u> | <u>10,089,497</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 73,702,055</u> | <u>\$ 71,772,463</u> | <u>\$ 65,193,843</u> | <u>\$ 53,500,637</u> | <u>\$ 48,741,531</u> |
| Contributions as a percentage of covered payroll | <u>27.050%</u> | <u>26.680%</u> | <u>25.370%</u> | <u>22.910%</u> | <u>20.700%</u> |
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Contractually required contribution | \$ 9,582,753 | \$ 8,276,863 | \$ 6,772,600 | \$ 5,788,267 | \$ 4,741,398 |
| Less contributions in relation to the contractually required contribution | <u>9,582,753</u> | <u>8,276,863</u> | <u>6,772,600</u> | <u>5,788,267</u> | <u>4,741,398</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 48,591,618</u> | <u>\$ 45,824,731</u> | <u>\$ 43,606,980</u> | <u>\$ 41,678,190</u> | <u>\$ 40,021,930</u> |
| Contributions as a percentage of covered payroll | <u>19.721%</u> | <u>18.062%</u> | <u>15.531%</u> | <u>13.888%</u> | <u>11.847%</u> |

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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, the plan fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* - Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. In addition, the discount rate was changed from 3.93% to 5.20%.

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 plan 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

Palm Springs Unified School District

Palm Springs 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 | | | |
| Education Stabilization Fund | | | |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 84.425U | 10155 | \$ 161,790 |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425U | 15559 | 18,265,487 |
| COVID-19 ESSER III State Reserve Emergency Needs | 84.425U | 15620 | 296,567 |
| COVID-19 ESSER III State Reserve Learning Loss | 84.425U | 15621 | 331,534 |
| COVID-19 American Rescue Plan-Homeless Children and Youth (ARP - Homeless I) | 84.425W | 15564 | 42,511 |
| COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II) | 84.425W | 15566 | 262,783 |
| Subtotal | | | <u>19,360,672</u> |
| Title I, Part A, Basic Grants Low Income and Neglected School Improvement Funding for LEAs | 84.010 | 14329 | 8,352,244 |
| | 84.010 | 15438 | 663,586 |
| Subtotal | | | <u>9,015,830</u> |
| Title III, English Learner Student Program | 84.365 | 14346 | 836,963 |
| Title III, Immigrant Education Program | 84.365 | 15146 | 54,875 |
| Subtotal | | | <u>891,838</u> |
| Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131 | 84.048 | 14894 | 245,996 |
| Title IX, Part A, McKinney-Vento Homeless Assistance Grants | 84.196 | 14332 | 106,172 |
| Title II, Part A, Supporting Effective Instruction | 84.367 | 14341 | 789,337 |
| Title IV, Part A, Student Support and Academic Enrichment | 84.424 | 15396 | 737,363 |
| Passed through Riverside County Special Education Local Plan Area | | | |
| Special Education Cluster (IDEA) | | | |
| Local Assistance, Part B, Sec 611, Private School Individual Service Plans | 84.027 | 10115 | 11,903 |
| Basic Local Assistance Entitlement, Part B, Sec 611 | 84.027 | 13379 | 3,974,871 |
| Mental Health Allocation Plan, Part B, Sec 611 | 84.027A | 15197 | 233,104 |
| Subtotal | | | <u>4,219,878</u> |
| Preschool Grants, Part B, Sec 619 | 84.173 | 13430 | 53,381 |
| Preschool Staff Development, Part B, Sec 619 | 84.173A | 13431 | 1,143 |
| Preschool Capacity Building, Part B, Sec 619 | 84.173A | 13839 | 26,654 |
| Subtotal | | | <u>81,178</u> |
| Total Special Education Cluster (IDEA) | | | <u>4,301,056</u> |
| Total U.S. Department of Education | | | <u>35,448,264</u> |

Palm Springs Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Financial Assistance Listing | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---|---|-------------------------|
| U.S. Department of Agriculture | | | |
| Passed through California Department of Education | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Basic | 10.553 | 13525 | \$ 2,700,749 |
| School Breakfast Needy | 10.553 | 13526 | <u>27,390</u> |
| Subtotal | | | <u>2,728,139</u> |
| National School Lunch Program - Section 4 | 10.555 | 13523 | 1,162,681 |
| National School Lunch Program - Section 11 | 10.555 | 13524 | 8,797,444 |
| Commodities | 10.555 | 13524 | <u>1,121,451</u> |
| Subtotal | | | <u>11,081,576</u> |
| Fresh Fruit and Vegetable Program | 10.582 | 14968 | <u>136,661</u> |
| Total Child Nutrition Cluster | | | <u>13,946,376</u> |
| Forest Service Schools and Roads Cluster | | | |
| Forest Reserve Fund | 10.665 | 10044 | <u>10,726</u> |
| Total Forest Service Schools and Roads Cluster | | | <u>10,726</u> |
| Passed through California Department of Social Services | | | |
| CACFP Claims - Centers and Family Day Care Homes | 10.558 | 13529 | 2,194,750 |
| CACFP Cash in Lieu of Commodities | 10.558 | 13534 | <u>148,629</u> |
| Subtotal | | | <u>2,343,379</u> |
| Total U.S. Department of Agriculture | | | <u>16,300,481</u> |
| U.S. Department of Defense | | | |
| Junior Reserve Officer Training Corps - Air Force | 12.UNK | [1] | <u>87,638</u> |
| Total U.S. Department of Defense | | | <u>87,638</u> |
| U.S. Department of Health and Human Services | | | |
| Passed through California Department of Social Services | | | |
| Child Care and Development Fund (CCDF) Cluster | | | |
| COVID-19 Coronavirus Response and Relief Supplemental | | | |
| Appropriations (CRRSA) Act- One-time Stipend | 93.575 | 15555 | <u>83,278</u> |
| Total Child Care and Development Fund (CCDF) Cluster | | | <u>83,278</u> |
| Passed through Riverside County Superintendent of Schools | | | |
| Head Start Cluster | | | |
| Head Start | 93.600 | 10016 | <u>4,554,945</u> |
| Total Head Start Cluster | | | <u>4,554,945</u> |
| Total U.S. Department of Health and Human Services | | | <u>4,638,223</u> |
| Total Federal Financial Assistance | | | <u>\$ 56,474,606</u> |

[1] Direct funded award

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

| | Second Period Report | Annual Report |
|---|-------------------------|------------------|
| Regular ADA | | |
| Transitional kindergarten through third | 5,212.99 | 5,217.55 |
| Fourth through sixth | 4,051.14 | 4,042.70 |
| Seventh and eighth | 2,465.67 | 2,456.22 |
| Ninth through twelfth | 5,672.30 | 5,622.54 |
| Total Regular ADA | 17,402.10 | 17,339.01 |
| Extended Year Special Education | | |
| Transitional kindergarten through third | 3.38 | 3.38 |
| Fourth through sixth | 2.98 | 2.98 |
| Seventh and eighth | 1.21 | 1.21 |
| Ninth through twelfth | 6.31 | 6.31 |
| Total Extended Year Special Education | 13.88 | 13.88 |
| Special Education, Nonpublic, Nonsectarian Schools | | |
| Ninth through twelfth | 0.97 | 1.24 |
| Extended Year Special Education, Nonpublic, Nonsectarian Schools | | |
| Ninth through twelfth | 0.11 | 0.11 |
| Total ADA | 17,417.06 | 17,354.24 |

Cielo Vista Charter School

| | Second Period Report | Annual Report |
|---|-------------------------|------------------|
| Regular ADA | | |
| Transitional kindergarten through third | 301.21 | 300.55 |
| Fourth through sixth | 274.22 | 273.65 |
| Seventh and eighth | 208.51 | 208.19 |
| Total Charter School ADA | 783.94 | 782.39 |
| Classroom Based ADA | | |
| Regular ADA | | |
| Transitional kindergarten through third | 301.21 | 300.55 |
| Fourth through sixth | 274.22 | 273.65 |
| Seventh and eighth | 208.51 | 208.19 |
| Total Classroom Based ADA | 783.94 | 782.39 |

Palm Springs 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 | 55,230 | - | 55,230 | 181 | - | 181 | - | - | - | Complied |
| Grades 1 - 3 | 50,400 | | | | | | | | | | |
| Grade 1 | | 55,230 | - | 55,230 | 181 | - | 181 | - | - | - | Complied |
| Grade 2 | | 55,230 | - | 55,230 | 181 | - | 181 | - | - | - | Complied |
| Grade 3 | | 55,230 | - | 55,230 | 181 | - | 181 | - | - | - | Complied |
| Grades 4 - 8 | 54,000 | | | | | | | | | | |
| Grade 4 | | 56,570 | - | 56,570 | 181 | - | 181 | - | - | - | Complied |
| Grade 5 | | 56,570 | - | 56,570 | 181 | - | 181 | - | - | - | Complied |
| Grade 6 | | 61,500 | - | 61,500 | 181 | - | 181 | - | - | - | Complied |
| Grade 7 | | 61,500 | - | 61,500 | 181 | - | 181 | - | - | - | Complied |
| Grade 8 | | 61,500 | - | 61,500 | 181 | - | 181 | - | - | - | Complied |
| Grades 9 - 12 | 64,800 | | | | | | | | | | |
| Grade 9 | | 65,188 | - | 65,188 | 181 | - | 181 | - | - | - | Complied |
| Grade 10 | | 65,188 | - | 65,188 | 181 | - | 181 | - | - | - | Complied |
| Grade 11 | | 65,188 | - | 65,188 | 181 | - | 181 | - | - | - | Complied |
| Grade 12 | | 65,188 | - | 65,188 | 181 | - | 181 | - | - | - | Complied |

Palm Springs Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2025

Cielo Vista Charter School

| 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 | 56,070 | - | 56,070 | 181 | - | 181 | - | - | - | Complied |
| Grades 1 - 3 | 50,400 | | | | | | | | | | |
| Grade 1 | | 56,835 | - | 56,835 | 181 | - | 181 | - | - | - | Complied |
| Grade 2 | | 56,835 | - | 56,835 | 181 | - | 181 | - | - | - | Complied |
| Grade 3 | | 56,835 | - | 56,835 | 181 | - | 181 | - | - | - | Complied |
| Grades 4 - 8 | 54,000 | | | | | | | | | | |
| Grade 4 | | 58,135 | - | 58,135 | 181 | - | 181 | - | - | - | Complied |
| Grade 5 | | 58,135 | - | 58,135 | 181 | - | 181 | - | - | - | Complied |
| Grade 6 | | 62,520 | - | 62,520 | 181 | - | 181 | - | - | - | Complied |
| Grade 7 | | 62,520 | - | 62,520 | 181 | - | 181 | - | - | - | Complied |
| Grade 8 | | 62,520 | - | 62,520 | 181 | - | 181 | - | - | - | Complied |

Palm Springs 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.

Palm Springs Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

| | (Budget) 2026 ¹ | 2025 | 2024 ¹ | 2023 ¹ |
|--|-------------------------------|--------------------|--------------------|--------------------|
| General Fund | | | | |
| Revenues | \$ 407,138,547 | \$ 403,022,641 | \$ 502,195,338 | \$ 487,344,863 |
| Other sources and transfers in | 16,383,116 | 20,893,074 | 8,506,044 | 11,045,735 |
| Total Revenues and Other Sources | 423,521,663 | 423,915,715 | 510,701,382 | 498,390,598 |
| Expenditures | 447,574,298 | 427,849,755 | 469,808,312 | 413,810,673 |
| Other uses and transfers out | 3,248,453 | 3,284,035 | 8,818,013 | 10,883,055 |
| Total Expenditures and Other Uses | 450,822,751 | 431,133,790 | 478,626,325 | 424,693,728 |
| Increase/(Decrease) in Fund Balance | (27,301,088) | (7,218,075) | 32,075,057 | 73,696,870 |
| Ending Fund Balance | \$ 173,275,796 | \$ 200,576,884 | \$ 207,794,959 | \$ 175,719,902 |
| Available Reserves ² | \$ 22,739,577 | \$ 13,951,283 | \$ 14,343,725 | \$ 25,430,577 |
| Available Reserves as a Percentage of Total Outgo | 5.04% | 3.24% | 3.00% | 5.99% |
| Long-Term Liabilities ³ | N/A | \$ 849,408,727 | \$ 904,873,457 | \$ 796,613,617 |
| K-12 Average Daily Attendance at P-2 | 18,444 | 19,111 | 18,473 | 18,598 |

The General Fund balance has increased by \$24,856,982 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$27,301,088 (13.98%). For a district this size, the State recommends available reserves of at least 3.00% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by \$52,795,110 over the past two years.

Average daily attendance has increased by 513 over the past two years. A decline of 667 ADA is anticipated during fiscal year 2025-2026.

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

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ 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.

Palm Springs Unified School District
Schedule of Charter Schools
Year Ended June 30, 2025

| <u>Name of Charter School</u> | <u>Charter Number</u> | <u>Included in Audit Report</u> |
|-------------------------------|-----------------------|---------------------------------|
| Cielo Vista Charter | 1173 | Yes |

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

| | Student Activity Fund | Charter School Fund | Adult Education Fund | Child Development Fund |
|--|-----------------------------|-----------------------------|----------------------------|------------------------------|
| Assets | | | | |
| Deposits and investments | \$ 1,746,254 | \$ 10,200,649 | \$ 39,065 | \$ 3,324,180 |
| Receivables | - | 327,891 | 5,616 | 706,336 |
| Due from other funds | - | 55,166 | 706 | 33,488 |
| Stores inventories | 81,931 | - | - | - |
| Total assets | <u>\$ 1,828,185</u> | <u>\$ 10,583,706</u> | <u>\$ 45,387</u> | <u>\$ 4,064,004</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 902,771 | \$ 25,289 | \$ 582,835 |
| Due to other funds | - | 2,068,383 | - | 1,061,254 |
| Unearned revenue | - | 139,641 | - | 831,588 |
| Total liabilities | <u>-</u> | <u>3,110,795</u> | <u>25,289</u> | <u>2,475,677</u> |
| Fund Balances | | | | |
| Nonspendable | 86,171 | - | - | - |
| Restricted | 1,742,014 | 7,472,911 | 20,098 | 1,588,327 |
| Total fund balances | <u>1,828,185</u> | <u>7,472,911</u> | <u>20,098</u> | <u>1,588,327</u> |
| Total liabilities and fund balances | <u>\$ 1,828,185</u> | <u>\$ 10,583,706</u> | <u>\$ 45,387</u> | <u>\$ 4,064,004</u> |

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

| | Cafeteria Fund | Capital Facilities Fund | County School Facilities Fund | Capital Projects Fund for Blended Component Units | Total Non-Major Governmental Funds |
|--|-----------------------------|-------------------------------|-------------------------------------|--|---|
| Assets | | | | | |
| Deposits and investments | \$ 19,527,336 | \$ 25,523,619 | \$ 853,423 | \$ 1,672,429 | \$ 62,886,955 |
| Receivables | 3,992,178 | 424,157 | 15,351 | 13,161 | 5,484,690 |
| Due from other funds | 174,296 | 2,310,040 | - | 53,933 | 2,627,629 |
| Stores inventories | 328,098 | - | - | - | 410,029 |
| Total assets | <u>\$ 24,021,908</u> | <u>\$ 28,257,816</u> | <u>\$ 868,774</u> | <u>\$ 1,739,523</u> | <u>\$ 71,409,303</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 418,281 | \$ 4,126,120 | \$ - | \$ 1,099 | \$ 6,056,395 |
| Due to other funds | 85,297 | 54,205 | 319,247 | - | 3,588,386 |
| Unearned revenue | 9,158 | - | - | - | 980,387 |
| Total liabilities | <u>512,736</u> | <u>4,180,325</u> | <u>319,247</u> | <u>1,099</u> | <u>10,625,168</u> |
| Fund Balances | | | | | |
| Nonspendable | 328,098 | - | - | - | 414,269 |
| Restricted | 23,181,074 | 24,077,491 | 549,527 | 1,738,424 | 60,369,866 |
| Total fund balances | <u>23,509,172</u> | <u>24,077,491</u> | <u>549,527</u> | <u>1,738,424</u> | <u>60,784,135</u> |
| Total liabilities and fund balances | <u>\$ 24,021,908</u> | <u>\$ 28,257,816</u> | <u>\$ 868,774</u> | <u>\$ 1,739,523</u> | <u>\$ 71,409,303</u> |

Palm Springs 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 | Charter School Fund | Adult Education Fund | Child Development Fund |
|--|-----------------------------|------------------------|----------------------------|------------------------------|
| Revenues | | | | |
| Local Control Funding Formula | \$ - | \$ 11,715,011 | \$ - | \$ - |
| Federal sources | - | - | - | - |
| Other State sources | - | 2,638,576 | 347,087 | 3,283,105 |
| Other local sources | 3,628,521 | 603,651 | 11,771 | 176,363 |
| Total revenues | <u>3,628,521</u> | <u>14,957,238</u> | <u>358,858</u> | <u>3,459,468</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | - | 11,946,007 | 173,186 | 2,174,106 |
| Instruction-related activities | | | | |
| Supervision of instruction | - | 134,574 | - | 580,472 |
| Instructional library, media, and technology | - | 48,808 | - | - |
| School site administration | - | 1,137,869 | - | 2,750 |
| Pupil services | | | | |
| Food services | - | - | - | - |
| All other pupil services | - | 566,930 | 207,318 | 204,308 |
| Administration | | | | |
| All other administration | - | 1,081,165 | 13,354 | 186,696 |
| Plant services | - | 1,089,266 | 26,469 | 98,938 |
| Ancillary services | 3,476,940 | 1,495 | - | - |
| Facility acquisition and construction | - | 341,565 | - | 83,754 |
| Debt service | | | | |
| Principal | - | 1,702 | - | - |
| Interest and other | - | 199 | - | - |
| Total expenditures | <u>3,476,940</u> | <u>16,349,580</u> | <u>420,327</u> | <u>3,331,024</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>151,581</u> | <u>(1,392,342)</u> | <u>(61,469)</u> | <u>128,444</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 1,500 | - | 33,488 |
| Transfers out | - | (956,588) | - | - |
| Net Financing Sources (Uses) | <u>-</u> | <u>(955,088)</u> | <u>-</u> | <u>33,488</u> |
| Net Change in Fund Balances | 151,581 | (2,347,430) | (61,469) | 161,932 |
| Fund Balance - Beginning | 1,676,604 | 9,820,341 | 81,567 | 1,426,395 |
| Fund Balance - Ending | <u>\$ 1,828,185</u> | <u>\$ 7,472,911</u> | <u>\$ 20,098</u> | <u>\$ 1,588,327</u> |

Palm Springs Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2025

| | Cafeteria Fund | Capital Facilities Fund | County School Facilities Fund | Capital Projects Fund for Blended Component Units | Total Non-Major Governmental Funds |
|--|----------------------|-------------------------------|--|--|---|
| Revenues | | | | | |
| Local Control Funding Formula | \$ - | \$ - | \$ - | \$ - | \$ 11,715,011 |
| Federal sources | 16,289,756 | - | - | - | 16,289,756 |
| Other State sources | 3,371,992 | - | 7,047,538 | - | 16,688,298 |
| Other local sources | 1,529,025 | 10,986,099 | 82,645 | 958,634 | 17,976,709 |
| Total revenues | <u>21,190,773</u> | <u>10,986,099</u> | <u>7,130,183</u> | <u>958,634</u> | <u>62,669,774</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction | - | - | - | - | 14,293,299 |
| Instruction-related activities | | | | | |
| Supervision of instruction | - | - | - | - | 715,046 |
| Instructional library, media, and technology | - | - | - | - | 48,808 |
| School site administration | - | - | - | - | 1,140,619 |
| Pupil services | | | | | |
| Food services | 19,347,256 | - | - | - | 19,347,256 |
| All other pupil services | - | - | - | - | 978,556 |
| Administration | | | | | |
| All other administration | 667,396 | 303,486 | - | - | 2,252,097 |
| Plant services | 119,456 | 54,439 | - | 11,273 | 1,399,841 |
| Ancillary services | - | - | - | - | 3,478,435 |
| Facility acquisition and construction | 609,010 | 21,570,521 | 4,084,530 | - | 26,689,380 |
| Debt service | | | | | |
| Principal | - | - | - | - | 1,702 |
| Interest and other | - | - | - | - | 199 |
| Total expenditures | <u>20,743,118</u> | <u>21,928,446</u> | <u>4,084,530</u> | <u>11,273</u> | <u>70,345,238</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>447,655</u> | <u>(10,942,347)</u> | <u>3,045,653</u> | <u>947,361</u> | <u>(7,675,464)</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 2,047 | - | - | 53,933 | 90,968 |
| Transfers out | - | (53,933) | (3,217,855) | - | (4,228,376) |
| Net Financing Sources (Uses) | <u>2,047</u> | <u>(53,933)</u> | <u>(3,217,855)</u> | <u>53,933</u> | <u>(4,137,408)</u> |
| Net Change in Fund Balances | 449,702 | (10,996,280) | (172,202) | 1,001,294 | (11,812,872) |
| Fund Balance - Beginning | <u>23,059,470</u> | <u>35,073,771</u> | <u>721,729</u> | <u>737,130</u> | <u>72,597,007</u> |
| Fund Balance - Ending | <u>\$ 23,509,172</u> | <u>\$ 24,077,491</u> | <u>\$ 549,527</u> | <u>\$ 1,738,424</u> | <u>\$ 60,784,135</u> |

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

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. 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 subrecipients.

Indirect Cost Rate

The District has not elected to use the 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 had no food commodities in inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District , and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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

This schedule is 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

Palm Springs Unified School District

ORGANIZATION

The District was established in 1948 and consists of an area comprising approximately 498 square miles. The District operates fifteen elementary schools, five middle schools, four high schools, one charter school, one continuation, and one adult school. There were no boundary changes during the year.

Governing Board

| Member | Office | Term Expires |
|----------------------|-----------|--------------|
| Sergio Espericueta | President | 2028 |
| Madonna Gerrell | Clerk | 2026 |
| Karen Cornett | Member | 2028 |
| John Gerardi | Member | 2026 |
| Charlie E. Ervin Jr. | Member | 2026 |

Administration

| Name | Title |
|----------------------|--|
| Tony Signoret Ed. D. | Superintendent |
| Jeffrey Simmons | Assistant Superintendent, Business Services |
| Simone Kovats, Ed. D | Assistant Superintendent, Educational Services |
| Clayton Hill | Assistant Superintendent, Human Resources |
| Tony Carrillo | Director of Fiscal Services |

Independent Auditor's Reports
June 30, 2025

Palm Springs 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
Palm Springs Unified School District
Palm Springs, 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 Palm Springs 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 January 9, 2026.

Adoption of New Accounting Standard

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

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*.

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 Sully LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 9, 2026



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

To the Governing Board
Palm Springs Unified School District
Palm Springs, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Ontario, California
January 9, 2026



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

To the Governing Board
Palm Springs Unified School District
Palm Springs, California

Report on Compliance

Opinion on State Compliance

We have audited Palm Springs 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 | Yes |
| Continuation Education | Yes |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratios of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | Not Applicable |
| GANN Limit Calculation | Yes |

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Ontario, California
January 9, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

Palm Springs Unified School District

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 | None Reported |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a) | No |

Identification of major programs

| Name of Federal Program or Cluster | Federal Financial Assistance Listing |
|---|--------------------------------------|
| Child Nutrition Cluster | 10.553, 10.555, 10.582 |
| Special Education Cluster (IDEA) | 84.027, 84.027A, 84.173, 84.173A |
| Child and Adult Care Food Program | 10.558 |
| Head Start Cluster | 93.600 |
| Dollar threshold used to distinguish between type A and type B programs | \$1,694,238 |
| Auditee qualified as low-risk auditee? | Yes |

State Compliance

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

None reported.

None reported.

None reported.

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