MOUNT PLEASANT
ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mount Pleasant Elementary School District
San Jose, 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 Mount Pleasant Elementary School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Mount Pleasant Elementary School 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 Mount Pleasant Elementary School District, as of June 30, 2025, and the respective changes in financial position 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 Mount Pleasant Elementary School 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This resulted in a restatement of the beginning governmental activities net position of $739,628. 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.

(Continued)

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 Mount Pleasant Elementary School 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 Mount Pleasant Elementary School 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 Mount Pleasant Elementary School 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 on pages 4 to 18 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 54 to 59 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 auditing standards generally accepted in the United States of America, 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mount Pleasant Elementary School District's basic financial statements. The accompanying 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* and other supplementary information as 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, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page 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 information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of Mount Pleasant Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mount Pleasant Elementary School 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 Mount Pleasant Elementary School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 15, 2025

This *Management's Discussion and Analysis (MD&A)* section of the Mount Pleasant Elementary School District's 2024–25 Annual Financial Report provides management's analysis of the district's financial performance for the fiscal year ended June 30, 2025. The information presented in this MD&A should be read in conjunction with the accompanying financial statements and related notes that follow this section.

District Profile

The Mount Pleasant Elementary School District ("District") was established in 1865 and is located in the City of San José, within Santa Clara County. The District covers approximately seven square miles and serves communities with an estimated population of 21,442 residents as of 2025. It operates four elementary schools, one middle school, and a District Office. In the 2010–11 school year, one of the elementary schools was converted into the K–8 Ida Jew Charter School.

The District's Board of Trustees serves as the governing body responsible for overseeing all activities related to public education within the district.

In 2022–23, the Board strategically consolidated one of the district's elementary school sites. The Valle Vista school was closed, and its students were relocated to Ida Jew Academies to join the existing STEAM program. At the same time, the Ida Jew ALAS program was transferred to Mount Pleasant Elementary School and integrated with students at that site. As a result, the district now operates five schools across four locations: Ida Jew/Valle Vista, Mount Pleasant/Ida Jew, Robert Sander, and August Boeger.

The Board declared the former Valle Vista site as surplus property for lease. In 2023–24, Kinship Academy leased the Upper Portables under a 10-year agreement from March 2023 through June 2032 and, per an addendum, also leased the E-Pod beginning August 2024 with the same term. Separately, Rising Star Special Ed Academy leased the main building, consisting of four pod facilities, for a five-year term from April 2024 through June 2029.

The Special Education Local Plan Area Administrative Unit (SELPA AU) serves as the conduit for funds from the California Department of Education to the districts within the SELPA. It also channels expenditures for county-operated Special Education programs from the Santa Clara County Office of Education to the districts. The Southeast SELPA AU operates under the direction of the Executive Council, with equal representation from all districts within the SELPA. Beginning in fiscal year 2011–12, a change in accounting principles required that SELPA's financial activities be reported in a Special Reserve Fund, titled the "Special Education Pass-Through Fund" (Fund 10). However, South East SELPA's operating general fund remains included in the District's General Fund total and is identified as sub-fund 014. In 2024–25, the entity's name was changed to Santa Clara South East SELPA.

This Management's Discussion and Analysis focus on the district's operations for the fiscal year ended June 30, 2025.

Overview of the Financial Statements

The Basic Financial Statements

The basic financial statements presented in this report include all activities of the Mount Pleasant Elementary School District (the District) and its component units, prepared using the integrated approach prescribed by GASB Statement 34 (Governmental Accounting Standards Board).

The **Government-Wide Financial Statements** provide a comprehensive view of the District's financial position from the perspective of economic resources, using the accrual basis of accounting. These statements include all District assets, including infrastructure, as well as all liabilities, including long-term obligations. Certain eliminations have been made in accordance with GASB guidance to account for interfund activity, payables, and receivables.

The **Fund Financial Statements** present information for two categories of activities: governmental and fiduciary. Governmental fund statements illustrate how basic services, such as general and special education, were financed in the short term and the resources available for future spending. Fiduciary fund statements provide information regarding financial relationships in which the District acts solely as a trustee or agent for resources belonging to others. Previously, student body activities were reported under fiduciary funds; however, under GASB 84 reporting requirements, these activities have been retrospectively reported as a governmental fund beginning with fiscal year 2020–21.

Governmental Activities are prepared using a current financial resources measurement focus and a modified accrual basis of accounting.

Figure A-1 summarizes the major features of the District's basic financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and content of each statement.

Figure A-1
Major Features of the District wide and Fund Financial Statements

Type of Statements	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of others
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet. • Statement of revenues, expenditures and changes in fund balances • Reconciliation to government wide financial statements	• Statement of fiduciary net assets. • Statement of changes in fiduciary net assets
Accounting basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenue and expenses during the year, regardless of when cash is received or paid

FINANCIAL HIGHLIGHTS OF THE PAST YEARS

Revenue Limits

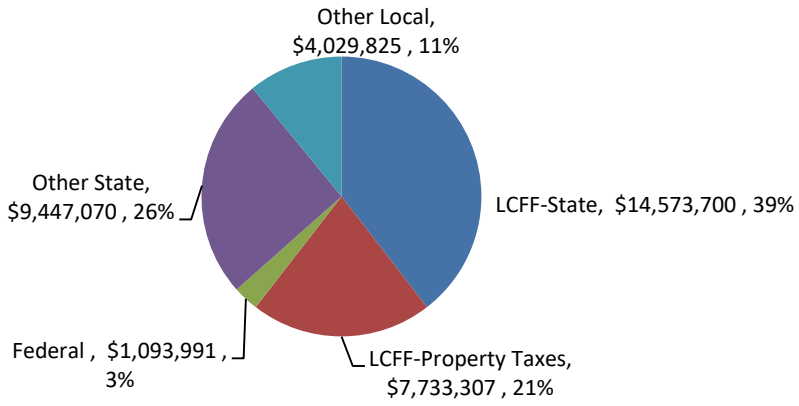
From fiscal year 1973–74 through 2012–13, California school districts operated under general-purpose Revenue Limits established by the State Legislature. In general, these Revenue Limits were calculated for each district by multiplying (1) the district's actual daily attendance (ADA) by (2) a base revenue limit per ADA unit. The calculations were then adjusted annually using various factors, primarily designed to account for inflation and to equalize revenues among districts of the same type across the State.

Local Control Funding Formula (LCFF)

The Local Control Funding Formula (LCFF) was implemented in 2013–14 to replace Revenue Limits and restore local educational agencies' (LEAs) purchasing power to fiscal year 2008–09 levels, prior to the recession. LCFF establishes four Target Base Grants per ADA rate. LEAs receive base grants by multiplying ADA by the rate applicable to each grade span. Supplemental and Concentration Grants provide additional funding for low-income students, English learners, and foster youth, based on the unduplicated percentage of enrollment/ADA for these groups. During the implementation period, the Gap Closure Percentage incrementally increased annual revenues to achieve funding equalization across all districts. By 2018–19, Gap Closure funding reached 100%, marking full LCFF implementation. Thereafter, increases in LCFF base grants are driven solely by cost-of-living adjustments (COLA).

In fiscal year 2024–25, the District received $36.8 million in general fund revenues. Of this total, $22.3 million, or approximately 60.5%, came from LCFF funding sources, comprising 21% from local property taxes and 39% from State apportionments (see Chart 1). Total LCFF revenue decreased by $1.1 million compared to 2023–24. See chart below:

Chart-1
Mount Pleasant Elementary School District
General Fund Revenues by Object
FY 2024-25



THE DISTRICT AS A WHOLE

Net Position

For the fiscal year ended June 30, 2025, the District's total assets amounted to $67.1 million (see Table 1). The restricted net position of $9.9 million is reported separately to reflect legal constraints from debt covenants and enabling legislation that limit the Board's ability to use these assets for routine operations. All of the District's net assets resulted from governmental activities.

Table 1
Mount Pleasant Elementary School District
FY Net Position
(in millions of dollars)

	2024-25 Governmental Activities	**2023-24 Governmental Activities**
Current and other assets	$32.0	$41.9
Capital assets	35.1	29.6
Total Assets	**67.1**	**71.5**
Deferred Outflows of Resources	**9.9**	**10.3**
Current liabilities	4.7	2.9
Long-term debt	87.2	88.9
Total Liabilities	**91.9**	**91.8**
Deferred Inflows of Resources	**4.8**	**5.3**
Net Position		
Invested in Capital Assets	7.7	2.3
Unrestricted	-37.3	-29.9
Restricted	9.8	12.3
Total Net Position	**-$19.8**	**-$15.3**

The long-term liabilities consist of: General Obligation Bonds, Accreted interest, Other Post-employment benefits, net pension liability, and compensated absences.

Changes in Net Position

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

In 2024-25 total revenues decreased by $0.8 million and expenditures increased by $4.3 million compared to 2023-24. The change in net position decreased $5.1 million in net assets.

Governmental Activities

Table 2
Mount Pleasant Elementary School District
Governmental Activities excluding Pass-through
Changes in net Position
(in millions of dollars)

		2024-25		2023-24
Revenues				
General Revenues:				
Federal and State Aid, unrestricted		13.5		15.1
Property taxes		9.8		9.0
Other general revenues		1.0		1.0
Total Revenues	**$**	**24.3**	**$**	**25.1**
Expenses				
Instructional related		17.9		18.5
Student support services		2.8		2.1
Administration		3.9		2.0
Maintenance and operations		4.3		3.8
Interest on long-term liabilities		3.8		1.5
Other Outgo		-4.6		-4.1
Total Expenses	**$**	**28.1**	**$**	**23.8**
Change in Net Position	**$**	**-3.8**	**$**	**1.3**

The total cost of all governmental activities for the year was $28.1 million. The District's expenses are primarily related to educating and supporting students. In addition, the District utilized restricted one-time funds to address student learning loss, expand mental health services, and enhance technology infrastructure. Professional development opportunities were also provided to staff to strengthen instructional practices and overall capacity.

Table 3 presents the cost of the District's ten largest functional areas: regular program instruction, guidance and counseling, school administration, student transportation, food

services, other pupil services, district administration, maintenance and operations, interest on long-term liabilities, and other support services. Presenting this information allows the community to better understand the cost of each function in relation to the benefits it provides.

Table 3
Mount Pleasant Elementary School District
Total Cost of Services
(in millions of dollars)

	2024-25	2023-24
Instruction	$16.0	$17.2
Guidance and Instructional Media	2.7	2.2
School Administration	1.5	1.1
Pupil Transportation	0.4	0.4
Food Services	-0.1	-0.5
All other Pupil Services	1.7	1.3
Administration	2.4	0.9
Maintenance and operations	4.3	3.8
Interest on Long-term Liabilities	3.7	1.5
Other Outgo	-4.5	-4.1
Total	**$28.1**	**$23.8**

General Fund

Charts 2 and 3 illustrate the breakdown of General Fund expenditures by Object Code (Chart 2) and by Function (Chart 3). As is typical for most school districts, the majority of General Fund expenditures are devoted to salaries and employee benefits, accounting for approximately 76.24% of total spending. From a functional perspective, Chart 3 shows that about 82.02% of General Fund expenditures support instruction and instruction-related activities**,** reflecting the District's ongoing commitment to student learning and classroom support.

Chart-2
Mount Pleasant Elementary School District
General Fund Expenditures by Object
FY 2024-25

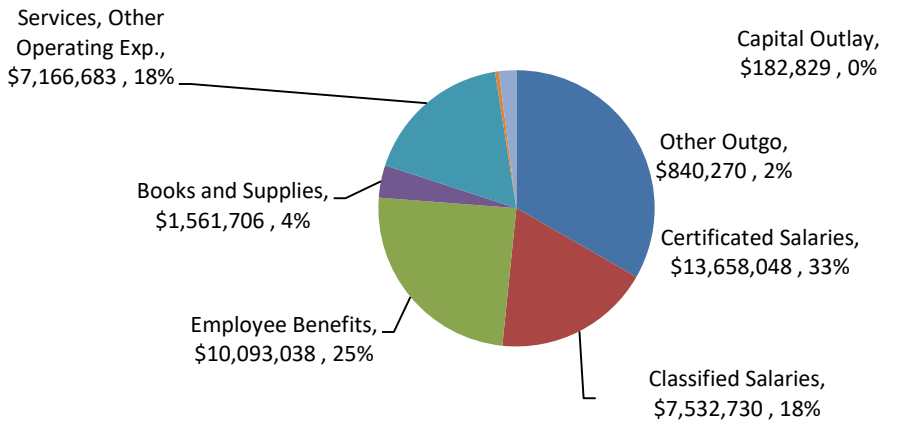
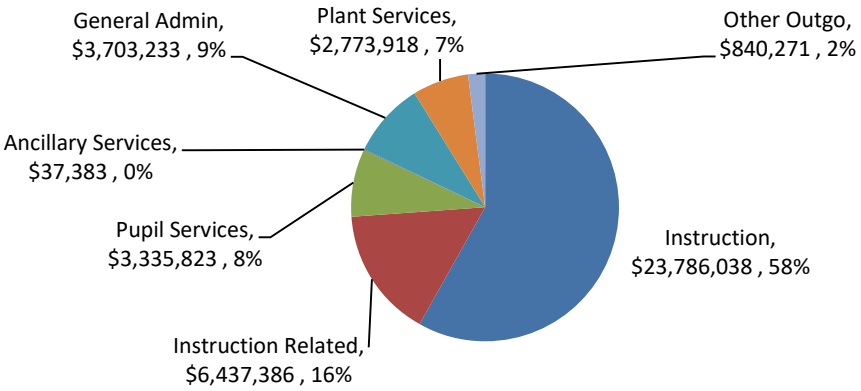
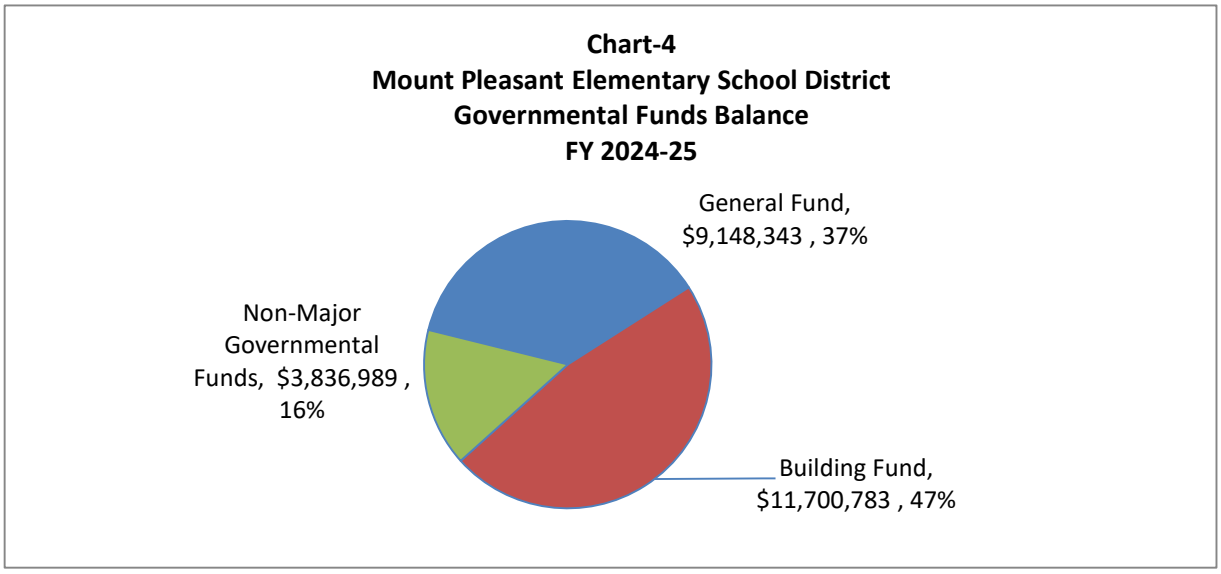


Chart-3
Mount Pleasant Elementary School District
General Fund Expenditures by Function
FY 2024-25





THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $24.7 million (see Table 4 and Chart 4).

Table 4
Mount Pleasant Elementary School District
Government Ending Fund Balance
(in millions of dollars)

	2024-25 Total Governmental Funds	2023-24 Total Governmental Funds
General Fund	$9.2	$13.6
Building Fund	11.7	18.1
Bond Interest and Redemption Fund	0.0	0.0
Non-Major Governmental Funds	3.8	3.7
Total Fund Balances	**$ 24.7**	**$ 35.4**

General Fund Budgetary Highlights

The District received restricted one-time funds from federal, state, and local sources. These revenues were recorded in the prior year and carried forward as part of the beginning fund balance. Because the revenues and related expenditures did not occur in the same fiscal year, this timing difference resulted in a deficit for the spending year. The District developed a structured plan to utilize these one-time funds over multiple years, in accordance with allowable uses and timeframes. Most of the funds must be spent by the end of 2024–25, which will gradually reduce the ending balance of restricted funds over time. See Table 5.

Table 5
Mount Pleasant Elementary School District
General Fund Budget to Actuals Comparison

(in millions of dollars)

	2024-25 Adopted Budget	2024-25 Final Budget	2024-25 Actuals
Beginning Fund Balance	**$ 13,764,962**	**$ 13,610,680**	**$13,578,284**
Total Revenues and Transfers-in	36,342,132	37,295,162	36,999,126
Total Expenditures and Other Outgo	(39,632,918)	(41,461,881)	(41,429,067)
Net Increase/(Decrease) Fund Bal.	**(3,290,786)**	**(4,166,719)**	**(4,429,941)**
Ending Fund Balance, General Fund	**$10,474,176**	**$9,443,961**	**$9,148,343**
Restricted			$6,014,229
Reserve for Economic Uncertainties			$1,300,000
Undesignated Fund Balance			$202,443
Assigned			$1,590,512
Non-spendable			41,159
Total			$9,148,343

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District held $39.5 million in a broad range of capital assets (net of accumulated depreciation), including land, buildings, furniture, and equipment (see Table 6). This represents a net increase of $5.3 million from 2023–24, reflecting additions, disposals, and depreciation. Land is recorded at historical purchase cost, rather than current market value, and is not depreciated. Because the land was acquired decades ago, its recorded value is significantly lower than its current market value. School buildings and site improvements are recorded at historical construction costs, less accumulated depreciation.

Table 6
Mount Pleasant Elementary School District
Capital Assets as of June 30,2025
(Net of Accumulated Depreciation)
(in millions of dollars)

	2024-25 Governmental Activities	2023-2024 Governmental Activities
Land	$0.5	$0.5
Work In-Progress *	$3.9	$4.1
Buildings	$28.7	$25.3
Equipment	$4.9	$3.0
Improvements of Sites	$1.5	$1.3
Totals	**$39.5**	**$34.2**

* The work-in-progress for fiscal year 2024–25 includes the August Boeger Administration Building renovations, the Mount Pleasant TK restrooms and parking lot improvements, and the installation of shade structures, play structures, and HVAC system upgrades at all sites.

Long-Term Liabilities

At the end of the fiscal year, the District had $47.0 million in outstanding bonds, including $1.0 million due within one year. These General Obligation (G.O.) Bond funds are restricted for school site improvements. Expenditures of these funds are overseen by the Citizens' Bond Oversight Committee (CBOC) and approved by the Board of Trustees, ensuring transparency and alignment with the District's capital improvement priorities.

Measure I

The District issued the full $12,000,000 in bonds authorized by voters in April 1998 and substantially completed the related construction and modernization projects.

- In October 2015, the District issued $2,265,000 in General Obligation Refunding Bonds to refinance the outstanding principal balance of the prior bonds as qualified tax-exempt refunding obligations.
- This measure has been fully repaid.

Measure L

In November 2012, voters authorized the issuance of General Obligation (G.O.) Bonds under Measure L (Fund 211) in the maximum amount of $25,000,000 to support academic programs in math, science, reading, and writing at local elementary and middle schools. The bond proceeds were designated to upgrade classrooms, remove asbestos and other hazardous materials, repair dry rot, termite, and structural damage, upgrade electrical wiring and fire alarm systems for safety, repair deteriorating restrooms, replace leaking roofs, and acquire, renovate, or construct classrooms, equipment, sites, and facilities.

- April 30, 2013 – Series A: The District issued $12,000,000 in Measure L General Obligation Bonds to upgrade classrooms and restrooms at school sites and to construct a new gymnasium at August Boeger Middle School.
- December 3, 2014 – Series B: The District issued $3,500,000 in Measure L Bonds to repair, upgrade, acquire, construct, and equip District facilities. Construction and modernization projects related to Series A and Series B have been substantially completed.
- July 12, 2017 – Series C: The District issued $2,000,000 in Measure L Bonds to replace or repair HVAC systems, roofing, plumbing, gas lines, and water systems, and to perform concrete repairs to reduce trip hazards.
- March 2025 – Refunding Bonds: The District issued $14,010,000 in Measure L Series A General Obligation Refunding Bonds to refinance the outstanding principal balance. The refinancing resulted in $1,781,726 in taxpayer savings by reducing the interest rate from 4.51% to 3.63%.

As of June 30, 2025, Measure L still has an unissued balance of $7,500,000.

Measure JJ

In November 2018, voters authorized the issuance of General Obligation (G.O.) Bonds under Measure JJ (Fund 212) in the maximum amount of $27,500,000 to repair leaking roofs, dry rot, termite, and structural damage; upgrade electrical wiring, fire alarms, and fencing to improve student safety; repair deteriorating restrooms; and acquire, renovate, or construct classrooms, equipment, sites, and facilities.

- December 19, 2019 – Series A: The District issued $10,000,000 in Measure JJ General Obligation Bonds to fund districtwide and site improvement projects.
- October 2, 2023 – Series B: The District issued $12,000,000 in Measure JJ Bonds to continue districtwide and site improvement projects.

As of June 30, 2025, Measure JJ still has an unissued balance of $5,500,000.

Measure Q

In November 2020, voters authorized the issuance of General Obligation (G.O.) Bonds under Measure Q (Fund 213) in the maximum amount of $12,000,000 to acquire instructional technology and equipment to improve distance learning and internet access; renovate heating and cooling systems and aging restrooms; upgrade school emergency preparedness systems, electrical wiring, and accessibility for individuals with disabilities; and acquire, renovate, or construct classrooms, equipment, sites, and facilities.

- July 7, 2021 – Series A: The District issued $5,800,000 in Measure Q General Obligation Bonds for technology upgrades, restroom renovations, playground improvements, parking lot modifications, and other safety-related renovations.
- October 2, 2023 – Series B: The District issued $6,200,000 in Measure Q Bonds to continue technology and facility improvement projects.
- The District has issued the full $12,000,000 authorized under Measure Q.

Post-Employment Benefits

Other obligations include compensated absences payable, other post-employment benefits (including retiree health benefits), and other long-term liabilities.

Currently, the District funds other post-employment benefits from the General Fund and the Cafeteria Fund using a "pay-as-you-go" approach, based on actual expenses incurred each year. See Table 7 below for retiree statistics.

Table 7
Mount Pleasant Elementary School District
Other Post-Employment Benefits (OPEB) Obligations

Group	Number of Retirees	FTE's	2024-25 Expenditures	Funding Source
Certificated	80	80.00	$466,459	General Fund
Classified	39	31.69	$256,386	G/F and Cafeteria
Management	13	13.00	$145,603	General Fund
Total Retirees with benefits	**132**	**124.69**	**$868,448**	

As of June 30, 2025, the District's net OPEB liability is approximately $11.2 million. Under GASB 75, the District is required to report the full OPEB liability (see Table 8). The actuarial report does not provide credit for funds set aside in Fund 20, as these funds are not held in an irrevocable trust. However, if the Fund 20 balance of $0.75 million is considered, the unfunded actuarial accrued liability would be reduced to approximately $10.4 million, as shown below:

Table 8
Mount Pleasant Elementary School District
Unfunded Post-employment Benefits Obligations

	2024-25
Post-employment Benefits Obligations, beginning balance	$11,598,542
Post-employment Benefits Obligations, June 30, 2025	$11,185,453
Fund 20 Ending Fund Balance, June 30, 2025	-$745,298
Unfunded Obligations	$10,440,155

More detailed information regarding the District's long-term liabilities is presented in Notes 5 and 6 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In developing the District budget for 2025–26, the Board and management considered the following key assumptions as of June 2025:

1. LCFF (Local Control Funding Formula): Projected with a 2.30% cost-of-living adjustment (COLA).
2. Average Daily Attendance (ADA): Projected 4% decline in enrollment.
3. Retirement Contributions: STRS at 19.10% and PERS at 26.81%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, students, investors, and creditors with a clear overview of the District's financial position and to demonstrate our accountability for the funds we receive. For questions regarding this report or to request additional financial information, please contact the Business Office at Mount Pleasant Elementary School District, 3434 Marten Avenue, San Jose, California 95148.

BASIC FINANCIAL STATEMENTS

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 24,830,200
Receivables	6,118,814
Prepaid expenses	18,159
Non-depreciable capital assets (Note 4)	4,413,469
Depreciable capital assets, net of accumulated depreciation (Note 4)	35,101,466
Total assets	70,482,108
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 9 and 10)	8,939,586
Deferred outflows of resources - OPEB (Note 7)	968,806
Total deferred outflows of resources	9,908,392
LIABILITIES	
Accounts payable and other liabilities	3,226,666
Unearned revenue	430,255
Long-term liabilities (Note 6):	
Due within one year	1,078,771
Due after one year	87,244,730
Total liabilities	91,980,422
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 9 and 10)	4,547,000
Deferred inflows of resources - leases (Note 4)	3,381,348
Deferred inflows of resources - OPEB (Note 7)	285,357
Total deferred inflows of resources	8,213,705
NET POSITION	
Net investment in capital assets	7,684,166
Restricted:	
Legally restricted programs	7,684,166
Capital projects	22,082
Debt service	2,144,970
Unrestricted	(37,339,011)
Total net position	$ (19,803,627)

The accompanying notes are an integral part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 22,759,637	$ 19,498	$ 6,790,566	$ -	$ (15,949,573)
Instruction-related services:					
Supervision of Instruction	3,768,032	5,496	1,854,271	-	(1,908,265)
Instructional library, media and technology	852,086	1,786	42,136	-	(808,164)
School site administration	1,552,413	1,626	60,963	-	(1,489,824)
Pupil services:					
Home-to-school transportation	430,102	-	-	-	(430,102)
Food services	1,865,218	94,412	1,930,859	-	160,053
All other pupil services	2,618,087	30,204	904,893	-	(1,682,990)
General administration:					
Data processing	91,947	-	-	-	(91,947)
All other general administration	3,031,303	16,127	673,008	-	(2,342,168)
Plant services	4,581,221	34,719	256,354	-	(4,290,148)
Ancillary services	189,914	1,428	147,742	-	(40,744)
Community services	10,234	-	-	-	(10,234)
Enterprise activities	1,271	112	1,759	-	600
Interest on long-term liabilities	3,746,646	-	-	-	(3,746,646)
Other outgo	840,270	586,329	4,817,980	-	4,564,039
Total governmental activities	$ 46,338,381	$ 791,737	$ 17,480,531	$ -	(28,066,113)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					6,853,309
Taxes levied for debt service					2,419,024
Taxes levied for other specific purposes					472,121
Federal and state aid not restricted to specific purposes					13,545,982
Interest and investment earnings					442,861
Miscellaneous					558,211
Total general revenues					24,291,508
Change in net position					(3,774,605)
Net position, June 30, 2024					(15,289,394)
Restatement due to implementation of GASB 101					(739,628)
Net position, June 30, 2024					(16,029,022)
Net position, June 30, 2025					$ (19,803,627)

The accompanying notes are an integral part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	$ 9,016,104	$ 12,110,315	$ 3,679,095	$ 24,805,514
Cash on hand and in banks	-	-	1,586	1,586
Cash in revolving fund	23,000	-	100	23,100
Receivables	2,270,271	118,494	348,701	2,737,466
Prepaid expenditures	18,159	-	-	18,159
Lease receivable	3,381,348	-	-	3,381,348
Due from other funds	212,966	-	104,755	317,721
Total assets	$ 14,921,848	$ 12,228,809	$ 4,134,237	$ 31,284,894
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,686,635	$ 528,026	$ 159,282	$ 2,373,943
Due to other funds	179,755	-	137,966	317,721
Unearned revenue	430,255	-	-	430,255
Other liabilities	95,512	-	-	95,512
Total liabilities	2,392,157	528,026	297,248	3,217,431
Deferred inflows of resources	3,381,348	-	-	3,381,348
Fund balances:				
Nonspendable	41,159	-	100	41,259
Restricted	6,014,229	11,700,783	3,836,889	21,551,901
Assigned	1,590,512	-	-	1,590,512
Unassigned	1,502,443	-	-	1,502,443
Total fund balances	9,148,343	11,700,783	3,836,989	24,686,115
Total liabilities and fund balances	$ 14,921,848	$ 12,228,809	$ 4,134,237	$ 31,284,894

The accompanying notes are an integral
part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balances - Governmental Funds		$ 24,686,115
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is $68,880,230 and the accumulated depreciation is $29,365,295 (Note 4).		39,514,935
In governmental funds, interest on long-term debt is not recognized until the period in which it mature and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		(757,211)
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 June 30, 2025 consisted of (Note 6):		
General Obligation Bonds	$ (47,046,868)	
Unamortized premiums	(3,958,103)	
Accreted interest	(1,599,906)	
Total OPEB liability (Note 7)	(11,185,453)	
Net pension liability (Notes 9 and 10)	(23,777,000)	
Compensated absences	(756,171)	
		(88,323,501)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 9 and 10).		
Deferred outflows of resources relating to pensions	8,939,586	
Deferred inflows of resources relating to pensions	(4,547,000)	
In governmental funds, deferred outflow and inflows relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows relating to OPEB are reported (Note 7).		4,392,586
Deferred outflows of resources relating to OPEB	968,806	
Deferred inflows of resources relating to OPEB	(285,357)	
		683,449
Total net position - governmental activities		$ (19,803,627)

The accompanying notes are an integral
part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 14,573,700	$ -	$ -	$ 14,573,700
Local sources	7,733,307	-	-	7,733,307
Total LCFF	22,307,007	-	-	22,307,007
Federal sources	1,093,991	-	1,142,897	2,236,888
Other state sources	9,447,070	-	1,558,635	11,005,705
Other local sources	4,029,825	546,989	2,830,383	7,407,197
Total revenues	36,877,893	546,989	5,531,915	42,956,797
Expenditures:				
Current:				
Certificated salaries	13,658,048	-	-	13,658,048
Classified salaries	7,532,730	56,556	944,076	8,533,362
Employee benefits	10,093,038	31,006	525,753	10,649,797
Books and supplies	1,561,706	34,020	705,328	2,301,054
Contract services and operating expenditures	7,166,683	435,289	945,235	8,547,207
Other outgo	840,270	-	-	840,270
Capital outlay	182,829	6,707,153	173,229	7,063,211
Debt service:				
Principal retirement	-	-	459,641	459,641
Interest	-	-	1,954,224	1,954,224
Total expenditures	41,035,304	7,264,024	5,707,486	54,006,814
Deficiency of revenues under expenditures	(4,157,411)	(6,717,035)	(175,571)	(11,050,017)
Other financing sources (uses):				
Transfers in	121,233	-	393,763	514,996
Transfers out	(393,763)	-	(121,233)	(514,996)
Proceeds from the issuance of general obligation bonds	-	14,010,000	-	14,010,000
Premiums from issuance of debt	-	1,654,488	-	1,654,488
Deposit to refunding escrow	-	(15,382,386)	-	(15,382,386)
Total other financing sources (uses)	(272,530)	282,102	272,530	282,102
Net change in fund balances	(4,429,941)	(6,434,933)	96,959	(10,767,915)
Fund balances, July 1, 2024	13,578,284	18,135,716	3,740,030	35,454,030
Fund balances, June 30, 2025	$ 9,148,343	$ 11,700,783	$ 3,836,989	$ 24,686,115

The accompanying notes are an integral
part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS – TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net change in fund balances - Total Governmental Funds		$(10,767,915)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 6,950,848	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(1,669,025)	
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(186,874)	
Premiums on debt issuance are recognized as revenue in the governmental funds, but are reported as adjustments to the related debt in the statement of net position (Note 6).	(1,625,738)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	459,641	
Payments made to the refunding escrow is an other financing use in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	15,382,386	
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities (Note 6).	(14,010,000)	
In the governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the prior that it is incurred.	(1,352,196)	
In the governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 9 and 10).	2,458,262	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(3,121)	
In the statement of activities, expenses related to other post-employment benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 7).	589,127	6,993,310
Change in net position of governmental activities		$ (3,774,605)

The accompanying notes are an integral part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
June 30, 2025

	Special Education Pass-Through Fund
ASSETS	
Cash in County Treasury (Note 2)	$ 964
Receivables	991,067
Total assets	$ 992,031
LIABILITIES	
Accounts payable	992,031
Total liabilities	$ 992,031

The accompanying notes are an integral part of these financial statements.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
CUSTODIAL FUND
For the Year Ended June 30, 2025

	Special Education Pass-Through Fund
Revenues:	
Federal sources	$ 40,553,286
Other state sources	6,172,692
Other local sources	14,156,804
Total revenues	60,882,782
Expenditures:	
Transfers to other Local Education Agencies	$ 60,882,782

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mount Pleasant Elementary School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District receives funding from local, state, and federal governmental sources and must comply with all the requirements of these funding source entities.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations; financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

General Fund - The General Fund is the general operating fund of the District, including the Charter School, and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the current year activity and year end balances of the Special Reserve for Other Than Capital Outlay Projects and Special Reserve for Postemployment Benefits Funds are combined with the General Fund.

Building Fund - The Building Fund is a capital projects fund used to account for the proceeds from the sale of bonds and may not be used for any other purposes other than those for which the bonds were issued. The fund balance is generally restricted for the acquisition or construction of major capital facilities and other capital assets.

B - Other Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This includes the Student Activity, Child Development, Cafeteria, and Deferred Maintenance Funds.

Capital Facilities Fund - The Capital Facilities Fund is a capital projects fund used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets.

Bond Interest and Redemption Fund – The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Special Education Pass-Through Fund - The Special Education Pass-Through Fund is a custodial fund which is used to account for special education revenue passed through to other member Local Education Agencies. The Special Education Pass-Through Fund is presented as a custodial fund as the District does not monitor recipient districts for compliance with program requirements, determine eligibility of the recipient districts, nor does it use any discretion in determining how pass-through funds are allocated.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2025.

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 50 years depending on asset types.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized deferred outflows of resources related to the recognition of the net pension liability and total OPEB liability.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the net pension liability, leases, and total OPEB liability.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following is a summary of pension amounts in aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 5,307,024	$ 3,632,562	$ 8,939,586
Deferred inflows of resources	$ 3,370,000	$ 1,177,000	$ 4,547,000
Net pension liability	$ 13,087,000	$ 10,690,000	$ 23,777,000
Pension expense	$ 1,576,003	$ 1,399,755	$ 2,975,758

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Compensated absences in the amount of $756,171 are recorded as a liability of the District. The liability is for the earned but unused vacation and other leave balances which are more likely than not to be paid or used. In accordance with the provisions of both STRP and PERF B, when an employee retires, all unused sick leave is added to the creditable service period for the calculation of the employee's retirement benefits.

Unearned Revenue: Revenues from federal, state and local special projects and programs are recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - Restricted Net Position – Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary fund statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2025, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. While the Board of Trustees has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2025 no formal designation of assignment authority has occurred and the Board of Trustees retains ultimate authority for assigning fund balance.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements if they have been adopted by the Board of Trustees. At June 30, 2025, the District has not established a minimum fund balance policy, nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Santa Clara bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*, and made effective for fiscal years beginning after December 15, 2023. GASB Statement No. 101 requires recognition of a liability for leave when earned if it is attributable to services already rendered and is expected to be paid. The liability includes vacation, sick leave, and other forms of paid time off that accumulate and vest or are expected to be used in future periods. Based on the implementation of GASB Statement No. 101, the District restated its beginning net position of governmental activities and beginning long-term liabilities for a total of $739,628.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2025 consisted of the following:

	Governmental Activities	Fiduciary Funds
Pooled Funds		
Cash in County Treasury	$ 24,805,514	$ 964
Deposits:		
Cash on hand and in banks	1,586	-
Revolving cash fund	23,100	-
Total	$ 24,830,200	$ 964

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Santa Clara County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorata 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, which is recorded on the fair value basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2025, the carrying amount of the District's accounts totaled $24,686 and the bank balances were $24,562 all of which was fully insured by the FDIC.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District for goods and services are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2025 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General	$ 212,966	$ 179,755
Non Major Funds:		
Deferred maintenance	88,215	88,404
Child development	8,534	10,530
Cafeteria	8,006	39,032
	$ 317,721	$ 317,721

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2024-2025 fiscal year were as follows:

Transfer from the Child Development Fund to the General Fund for indirect costs.	$ 60,725
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	60,508
Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintanance annual contribution.	393,763
	$ 514,996

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, 2024	Transfers and Additions	Transfers and Deductions	Balance June 30, 2025
Non-depreciable:				
Land	$ 531,951	$ -	$ -	$ 531,951
Work-in-process	4,072,674	3,868,959	(4,060,115)	3,881,518
Depreciable:				
Improvement of sites	4,308,456	238,463	-	4,546,919
Buildings	45,320,011	4,544,143	-	49,864,154
Equipment	7,696,290	2,359,398	-	10,055,688
Totals, at cost	61,929,382	11,010,963	(4,060,115)	68,880,230
Less accumulated depreciation:				
Improvements of sites	(3,000,262)	(74,268)	-	(3,074,530)
Buildings	(20,004,313)	(1,147,983)	-	(21,152,296)
Equipment	(4,691,695)	(446,774)	-	(5,138,469)
Total accumulated depreciation	(27,696,270)	(1,669,025)	-	(29,365,295)
Capital assets, net	$ 34,233,112	$ 9,341,938	$ (4,060,115)	$ 39,514,935

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 251,170
Supervision and administration	264
Library, media and technology	18,334
School site administration	3,381
Food services	8,058
Community Services	10,234
General administration	83,631
Plant services	1,293,953
Total depreciation expense	$ 1,669,025

(Continued)

NOTE 5 – LEASE RECEIVABLE

The District leases out certain of its buildings and equipment. Lease terms vary and may contain one or more renewal options. The District has generally included these renewal periods in the lease term when it is reasonably certain that the lessee will exercise the renewal option. The District's lease arrangements do not contain any material residual value guarantees All District leases contain a 5% interest rate, which serves as the discount rate to report the net present value of lease payments.

Minimum lease payments receivable on leases of District properties are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 548,294	$ 156,616	$ 704,910
2027	576,346	128,564	704,910
2028	605,833	99,077	704,910
2029	636,829	68,081	704,910
2030	234,865	45,368	280,233
2031-2033	779,181	61,518	840,699
	$ 3,381,348	$ 559,224	$ 3,940,572

The total amount of inflows of resources related to leases recognized in the current fiscal year are as follows:

Governmental Funds/Governmental Activities	
Lease revenue	$ 523,449
Interest revenue	$ 181,461

NOTE 6 - LONG-TERM LIABILITIES

2015 General Obligation Refunding Bonds: On September 23, 2015, the District issued 2015 General Obligation Refunding Bonds totaling $2,265,000, for the purpose of refunding, on a current basis, all of the District's outstanding Election of 1998, 2005 Series D General Obligation Bonds. The 2015 GO Bonds mature during succeeding years through December 2024 and were issued at interest rates ranging from 4.13% to 5.50%.

Election of 2012, Series C General Obligation Bonds: On July 12, 2017, the District issued General Obligation Bonds (Series C) totaling of $1,999,121 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Bonds comprise $830,000 in Current Interest Serial Bonds, and $1,169,121 in Capital Appreciation Serial Bonds. The Current Interest Bonds bear interest at rates ranging from 2.0% to 4.50% and mature during succeeding years through August 2042. The Capital Appreciation Serial Bonds bear interest at rates ranging from 1.8% to 4.31%, and mature during succeeding years through August 2042.

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Election of 2018, Series A General Obligation Bonds: On December 5, 2019, the District issued General Obligation Bonds (Series A) totaling of $10,000,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 3.0% to 4.00% and mature during succeeding years through August 2049.

Election of 2018, Series B General Obligation Bonds: On September 21, 2023, the District issued General Obligation Bonds (Series B) totaling of $12,000,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 4.0% to 5.25% and mature during succeeding years through August 2053.

Election of 2020, Series A General Obligation Bonds: On July 7, 2021, the District issued General Obligation Bonds (Series A) totaling of $5,800,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 2.125% to 2.250% and mature during succeeding years through August 2046.

Election of 2020, Series A General Obligation Bonds: Also on October 5, 2023, the District issued General Obligation Bonds (2020 Series B), totaling $6,200,000. The 2020 Series B Bonds were issued to finance equipment/instructional technology to improve distance learning and internet access, as well as for the general repair, upgrade, acquisition construction and/or equipping of various District properties. The 2020 Series B Bonds bear interest at rates ranging from 5.0% to 5.25% and are scheduled to mature through August 1, 2044.

2025 General Obligation Refunding Bonds (Measure L), Series A: On March 5, 2025, the District issued 2025 General Obligation Refunding Bonds (Measure L), Series A totaling $14,010,000, for the purpose of refunding, on a current basis, all of the District's outstanding Election of 2012 Series A General Obligation Bonds and Election of 2012 Series B General Obligation Bonds. The 2025 GO Bonds mature during succeeding years through August 1 2043 and were issued at an interest rate of 5%.

The annual requirements to amortize the General Obligation Bonds payable and outstanding follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 979,404	$ 1,945,114	$ 2,924,518
2027	526,126	2,018,448	2,544,574
2028	488,391	1,999,465	2,487,856
2029	540,241	1,981,730	2,521,971
2030	615,012	1,962,747	2,577,759
2031-2035	4,867,211	9,380,162	14,247,373
2036-2040	9,138,571	8,105,462	17,244,033
2041-2045	13,771,912	5,765,691	19,537,603
2046-2050	8,950,000	2,733,825	11,683,825
2051-2053	7,170,000	796,163	7,966,163
	$ 47,046,868	$ 36,688,807	$ 83,735,675

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2025 is shown as follows:

	Balance June 30, 2024	Restatement due to GASB 101 implementation	Balance June 30, 2024 as restated	Additions	Deductions	Balance June 30, 2025	Amount Due Within One Year
Debt:							
General Obligation Bonds	$ 47,680,098	$ -	$ 47,680,098	$ 14,010,000	$ 14,643,230	$ 47,046,868	$ 979,404
Unamortized premiums	2,332,365	-	2,332,365	1,654,488	28,750	3,958,103	73,193
Accreted interest	1,413,032	-	1,413,032	191,556	4,682	1,599,906	7,235
Other long-term liabilities:			-				
Total OPEB liability (Note 6)	11,598,542	-	11,598,542	-	413,089	11,185,453	-
Net pension liability (Notes 8 and 9)	26,375,000	-	26,375,000	-	2,598,000	23,777,000	-
Compensated absences	13,422	739,628	753,050	3,121	-	756,171	18,939

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the total OPEB liability, and net pension liability are made from the fund for which the related employee worked.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits Plan

Plan Description: The District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment health care plan (the "Plan"). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical coverage. The Board of Trustees has the authority to establish or amend the benefit terms offered by the Plan, and also retains the authority to establish the requirements for paying for the Plan's benefits as they come due. As of June 30, 2025, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability, and the plan does not issue separate financial statements.

Benefits Provided: In accordance with contracts between the District and the respective employee groups, eligible employees are entitled to receive certain medical, dental and vision benefits through the Plan. Benefits are prorated if the employee worked less than 100% full-time. Employees who work less than 50% of full-time, or any employee who was not enrolled in the District's group medical plan in the year preceding retirement, are not eligible for postretirement benefits through the Plan.

Eligibility requirements and benefits provided through the Plan vary depending on employee group, hire date, and years of service to the District:

Certificated Employees - For certificated employees hired before July 1, 1997, who retire after June 30, 1998 having reached age 50 with at least 15 years of service, the District provides lifetime medical coverage. For certificated employees hired after July 1, 1997 and before June 30, 2004, who retire having reached age 55 with at least 15 years of service, the District provides medical coverage until age 65.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Classified Employees - For classified employees hired before July 1, 1997, who retire after age 50 having reached at least 15 years of service, the District provides lifetime medical coverage. For classified employees hired after July 1, 1997, and before June 30, 2004, who retire having reached age 50 with at least 15 years of service, the District provides medical coverage until age 65.

Confidential Employees - For confidential employees hired before July 1, 1997, who retire after age 55 having reached at least 10 years of service and certain salary schedule minimums, the District provides lifetime medical coverage. For confidential employees hired after July 1, 1997, and before June 30, 2004, who retire having reached age 55 with at least 10 years of service and certain salary schedule minimums, the District provides medical coverage until age 65.

Management Employees - For management employees hired before July 1, 1997, who retire after age 55 having reached at least 10 years of service, the District provides lifetime medical coverage. For management employees hired after July 1, 1997, and before June 30, 2004, who retire having reached age 55 with at least 10 years of service and certain salary schedule minimums, the District provides medical coverage until age 65.

The District-paid monthly medical premiums ("maximum benefit") will not exceed the District's cap at the time of retirement. The District's current medical premium cap is $11,500. District employees hired after June 30, 2004 and retire with 10 years of service may participate in the plan through age 65, by paying 100% of the premiums under the District's group medical plan.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2025:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	122
Active employees	36
Total	158

Contributions*:* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the District's Governing Board. Contributions to the Plan from the District were $873,008 for the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in Mount Pleasant Elementary School District's actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Actuarial Method	Entry Age actuarial cost method.
Inflation Rate	2.75% per year
Health Care Increases	Medical insurance premiums are assumed to increase by 5.50% annually. Dental and vision premiums are assumed to increase by 5% annually.
Mortality Rates	Mortality rates are taken from the 2021 CalPERS OPEB Assumptions Model (for classified and confidential employees) and from the 2020 valuation of CalSTRS (for certificated employees).
Health Plan Coverage Elections	100% of eligible employees hired on or before June 30, 2004 are assumed to elect coverage upon retirement, and to remain covered under District plans for life. Current employees are assumed to have the same medical plan and family status after retirement that they have as current employees. Employees with no medical coverage as of the actuarial valuation were assumed to elect single employee Kaiser HMO coverage.
Retirement Rates	Retirement rates are taken from the most recent experience studies for CalPERS (2021) and CalSTRS (2020).
Termination Rates	Termination rates are taken from the most recent experience studies for CalPERS (2021) for classified and confidential employees and CalSTRS (2020) for certificated and management employees.
Medical Claims	Medical claims were estimated based on the true per person costs of coverage during the year ended June 30, 2023. The age-specific rates were developed to reproduce the same aggregate premiums that would be paid to the carriers for all current employee and retirees

Age	Cost
50	$ 12,388
55	$ 14,615
60	$ 17,831
62	$ 19,652
64	$ 21,968

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate*:* All future benefit payments were discounted using a high-quality municipal bond rate of 3.97%. The rate was based on Fidelity General Obligation AA Index, as published by the Federal Reserve.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	$ 11,598,542
Changes for the year:	
Interest	430,855
Service Cost	29,064
Benefit payments	(873,008)
Net change	(413,089)
Balance at June 30, 2025	$ 11,185,453

The changes in assumptions include a change in the discount rate from 3.86% in the prior valuation, to 3.97% in the current valuation. Differences between actual and expected experience resulted from a combination of demographic related changes such as terminations, resignations and deaths. There were no changes between the measurement date and the year ended June 30, 2025 which had a significant effect on the District's total OPEB liability.

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 percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	$ 12,148,544	$ 11,185,453	$ 10,151,579

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.50%)	Healthcare Cost Trend Rates Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	$ 10,708,308	$ 11,185,453	$ 11,414,123

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense of $190,726. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 100,358	$ 211,326
Differences between actual and expected experience	-	74,031
Benefits paid subsequent to measurement date	868,448	-
Total	$ 968,806	$ 285,357

$868,448 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2026	$ (217,504)
2027	$ 32,505

(Continued)

NOTE 8 - FUND BALANCES

Fund balances, by category, at June 30, 2025 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	$ 23,000	$ -	$ 100	$ 23,100
Prepaid expenditures	18,159	-	-	18,159
Subtotal nonspendable	41,159	-	100	41,259
Restricted:				
Legally restricted:				
Grants	6,014,229	-	-	6,014,229
Student activities	-	-	16,244	16,244
Child development	-	-	2,980	2,980
Cafeteria	-	-	1,650,613	1,650,613
Capital projects	-	11,700,783	22,082	11,722,865
Debt service	-	-	2,144,970	2,144,970
Subtotal restricted	6,014,229	11,700,783	3,836,889	21,551,901
Assigned:				
Maintenance, technology, and instructional materials	845,214	-	-	845,214
Other postemployment benefits	745,298	-	-	745,298
Subtotal assigned	1,590,512	-	-	1,590,512
Unassigned:				
Designated for economic uncertainty	1,300,000	-	-	1,300,000
Undesignated	202,443	-	-	202,443
Subtotal unassigned	1,502,443	-	-	1,502,443
Total fund balances	$ 9,148,343	$ 11,700,783	$ 3,836,989	$ 24,686,115

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Employees of the District performing creditable services are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan with CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at CalSTRS' website.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is the member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members' final compensation is based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and State contribution rates are set by the California Legislature and the Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250% of applicable member earnings for fiscal year 2023-24.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% annually. Based on the June 30, 2023, actuarial valuation adopted by the CalSTRS Board in May 2024, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2024.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the CalSTRS Board to adjust the employer supplemental contribution rate up or down by a maximum of 1% annually for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the CalSTRS Board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2024-25 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2024-25 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate		Supplemental Rate Per CalSTRS Funding Plan	Total
July 1, 2024	8.250%		10.850%	19.100%
July 1, 2025 to June 30, 2046	8.250%	(1)	(1)	
July 1, 2046	8.250%		AB1469 rate increase ends for 2046-47 and beyond	

(1) The CalSTRS Funding Plan authorizes the Board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed $2,529,024 to the STRP during the fiscal year ended June 30, 2025.

State – The State is required to contribute 10.828% of the members' creditable compensation from the two fiscal years prior.

The State is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the State also has a supplemental contribution rate, which the Board can increase by no more than 0.5% each fiscal year to help eliminate the State's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the CalSTRS Board voted to keep the State supplemental contribution rate at 6.311% for fiscal year 2024–25.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The total State contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the State's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by $72.0 million, pursuant to Education Code section 22954.

The CalSTRS State contribution rates effective for fiscal year 2024-25 and beyond are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding(1)	Total
July 01, 2024	2.017%	6.311%	2.50%	10.828%
July 01, 2025 to June 30, 2046	2.017%	(1)	2.50%	(1)
July 01, 2046	2.017%	(2)	2.50%	(2)

(1) The CalSTRS Board has limited authority to adjust the State contribution rate annually through June 2046 to eliminate the remaining unfunded actuarial obligation. The CalSTRS Board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(2) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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:

District's proportionate share of the net pension liability	$ 13,087,000
State's proportionate share of the net pension liability associated with the District	6,005,000
Total	$ 19,092,000

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the STRP relative to the contributions of all participating contributing employers and the State. At June 30, 2025, the District's proportion was 0.019%, which was a decrease of 0.001% from its proportion at June 30, 2024.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2025, the District recognized pension expense of $1,576,003 and revenue of $819,432 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
Difference between expected and actual experience	$ 1,480,000	$ 572,000
Changes of assumptions	57,000	894,000
Net differences between projected and actual earnings on investments	-	53,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,241,000	1,851,000
Contributions made subsequent to measurement date	2,529,024	-
Total	$ 5,307,024	$ 3,370,000

$2,529,024 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (1,374,783)
2027	$ 660,217
2028	$ (322,784)
2029	$ 194,883
2030	$ 319,133
2031	$ (68,666)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per the CalSTRS Funding Plan. 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 occur midyear.

Based on those 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 the total pension liability.

The long-term expected rate of return on pension plan investments was calculated using a building-block approach. This method involves developing best-estimate ranges of 20- to 30-year geometrically linked expected future real rates of return for each major asset class. These expected returns are net of pension plan investment expenses and inflation. The best estimate ranges were created using capital market assumptions provided by CalSTRS investment staff and investment consultants.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary 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/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public Equity	38.0%	5.25%
Real Estate	15.0	4.05
Private Equity	14.0	6.75
Fixed Income	14.0	2.45
Risk Mitigating Strategies	10.0	2.25
Inflation Sensitive	7.0	3.65
Cash / Liquidity	2.0	0.05

* 20- to 30-year geometric average

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Mortality: 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 its 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 issued by the Society of Actuaries.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 23,278,000	$ 13,087,000	$ 4,578,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS annual comprehensive financial report available at the CalSTRS website.

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools' cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non- certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at CalPERS' website.

Benefits Provided: The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

The Public Employees' Pension Reform Act of 2013 (PEPRA) became effective in January 2013, and changed how benefits are applied as well as placed compensation limits on certain members as listed below. Members which do not fall into the definitions below, are generally be considered "classic" members in PERF B:

- Members joining on or after January 1, 2013, with no prior membership in another California public retirement system.
- Members joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.
- Members joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2025 were as follows:

Members - The classic member contribution rate was 7.0% of applicable member earnings for fiscal year 2024-25. The PEPRA member contribution rate was 8.0% of applicable member earnings for fiscal year 2024-25.

Employers - The employer contribution rate was 27.05% of applicable member earnings for fiscal year 2024-25.

The District contributed $2,085,562 to the plan for the fiscal year ended June 30, 2025.

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 of $10,690,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the PERF B plan relative to the contributions of all participating school districts. At June 30, 2025 the District's proportion was 0.03%, which was a decrease of 0.002% from its proportion at June 30, 2024.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2025, the District recognized pension expense of $1,399,755. 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
Difference between expected and actual experience	$ 896,000	$ 77,000
Changes of assumptions	236,000	-
Net differences between projected and actual earnings on investments	415,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,100,000
Contributions made subsequent to measurement date	2,085,562	-
Total	$ 3,632,562	$ 1,177,000

$2,085,562 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (61,000)
2027	$ 585,000
2028	$ (22,500)
2029	$ (131,500)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2023
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Expected Real Rates of Return Years 1-10 (1, 2)
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period
(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS considered 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.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 15,880,000	$ 10,690,000	$ 6,402,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 - JOINT POWERS AUTHORITIES

Santa Clara County Schools Insurance Group: The District participates in a Joint Powers Agreement with Santa Clara County Schools Insurance Group (SCCSIG).

SCCSIG arranges for and provides workers' compensation, property and liability, dental and vision insurance for its members. SCCSIG is governed by a board consisting of a representative from each member district. The board controls the operations of SCCSIG, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and the deficits proportionately to its participation in SCCSIG. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior year.

The following is a summary of audited financial information of SCCSIG at June 30, 2024 (the most recent information available):

Total assets	$ 32,945,962
Deferred outflows	$ 443,965
Total liabilities	$ 10,420,355
Deferred inflows	$ 95,246
Net position	$ 22,874,326
Total revenues	$ 53,290,015
Total expenditures	$ 53,019,741
Change in net position	$ 270,274

East Valley Schools Transportation Agency: The District is a member with other school districts of a Joint Powers Authority, East Valley Schools Transportation Agency, for the operation of transportation services. Each member district has two representatives on the Governing Board. Each member of that Board has equal voting rights. The Governing Board has decision-making authority which includes the power to designate management and the ability to significantly influence operations.

(Continued)

NOTE 11 - JOINT POWERS AUTHORITIES (Continued)

The following is a summary of audited financial information of East Valley Schools Transportation Agency Joint Powers Authority at June 30, 2025:

Total assets	$	438,220
Total liabilities	$	129,319
Net position	$	308,901
Total revenues	$	2,922,898
Total expenses	$	2,922,898
Change in net position	$	-

The relationship between Mount Pleasant Elementary School District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

NOTE 12 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

At June 30, 2025, the District had commitments for capital construction projects totaling approximately $2 million.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	$ 13,918,367	$ 15,127,924	$ 14,573,700	$ (554,224)
Local sources	7,565,079	7,455,204	7,733,307	278,103
Total Local Control Funding Formula	21,483,446	22,583,128	22,307,007	(276,121)
Federal sources	1,022,795	1,093,991	1,093,991	-
Other state sources	10,154,313	9,447,070	9,447,070	-
Other local sources	3,681,578	4,170,973	4,029,825	(141,148)
Total revenues	36,342,132	37,295,162	36,877,893	(417,269)
Expenditures:				
Current:				
Certificated salaries	13,917,613	13,658,048	13,658,048	-
Classified salaries	6,321,195	7,532,730	7,532,730	-
Employee benefits	9,181,665	10,093,050	10,093,038	12
Books and supplies	2,260,682	1,617,548	1,561,706	55,842
Contract services and operating expenditures	5,767,813	7,264,877	7,166,683	98,194
Other outgo	2,183,950	1,112,799	840,270	272,529
Capital outlay	-	182,829	182,829	-
Total expenditures	39,632,918	41,461,881	41,035,304	426,577
(Deficiency) excess of revenues (under) over expenditures	(3,290,786)	(4,166,719)	(4,157,411)	9,308
Other financing sources (uses):				
Tranfers in	-	-	121,233	121,233
Transfers out	-	-	(393,763)	(393,763)
Total other financing sources (uses)	-	-	(272,530)	(272,530)
Net change in fund balance	(3,290,786)	(4,166,719)	(4,429,941)	(263,222)
Fund balance, July 1, 2024	13,764,962	13,610,680	13,578,284	32,396
Fund balance, June 30, 2025	$ 10,474,176	$ 9,443,961	$ 9,148,343	$ (230,826)

See Note to Required Supplementary Information

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2025

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	$ 98,005	$ 86,854	$ 40,439	$ 45,039	$ 318,222	$ 66,451	$ 412,147	$ 430,855
Interest	437,561	500,440	489,066	445,747	63,790	303,537	44,908	29,064
Changes of benefit terms	-	-	-	69,793	-	119,852	361,695	-
Change in assumptions	(1,100,989)	(359,975)	434,894	2,693,651	75,285	(1,736,500)	(184,920)	-
Difference in experience	-	(721,783)	-	(751,634)	-	(840,068)	194,608	-
Benefit payments	(790,684)	(826,988)	(866,910)	(865,362)	(812,718)	(794,916)	(798,368)	(873,008)
Net change in total OPEB liability	(1,356,107)	(1,321,452)	97,489	1,637,234	(355,421)	(2,881,644)	30,070	(413,089)
Total OPEB liability - beginning of year	15,748,373	14,392,266	13,070,814	13,168,303	14,805,537	14,450,116	11,568,472	11,598,542
Total OPEB liability, end of year	$ 14,392,266	$ 13,070,814	$ 13,168,303	$ 14,805,537	$ 14,450,116	$ 11,568,472	$ 11,598,542	$ 11,185,453
Covered-employee payroll	$ 18,086,998	$ 18,733,844	$ 18,726,676	$ 17,389,503	$ 17,930,444	$ 18,122,855	$ 19,036,858	$ 21,071,283
Total OPEB liability as a percentage of covered-employee payroll	79.57%	69.77%	70.32%	85.14%	80.59%	63.83%	60.93%	53.08%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

See Note to Required Supplementary Information

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSON LIABILITY
For the Year Ended June 30, 2025

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.024%	0.024%	0.023%	0.023%	0.022%	0.021%	0.017%	0.018%	0.020%	0.019%
District's proportionate share of the net net pension liability	$15,845,000	$19,468,000	$21,429,000	$20,897,000	$20,176,000	$20,323,000	$ 7,788,000	$12,308,000	$14,872,000	$13,087,000
State's proportionate share of the net pension liability associated with the District	8,380,000	11,084,000	12,677,000	11,964,000	11,008,000	11,106,000	4,634,000	6,957,000	7,126,000	6,005,000
Total net pension liability	$24,225,000	$30,552,000	$34,106,000	$32,861,000	$31,184,000	$31,429,000	$12,422,000	$19,265,000	$21,998,000	$19,092,000
District's covered payroll	$10,924,000	$11,996,000	$12,281,000	$12,103,000	$12,145,000	$12,036,000	$ 9,588,000	$10,273,000	$11,930,000	$13,066,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	145.05%	162.29%	174.49%	172.66%	166.13%	168.85%	81.23%	119.81%	124.66%	100.16%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSON LIABILITY
For the Year Ended June 30, 2025

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension Liability	0.062%	0.057%	0.040%	0.041%	0.040%	0.039%	0.038%	0.035%	0.032%	0.030%
District's proportionate share of the net pension liability	$ 9,144,000	$11,301,000	$ 9,602,000	$10,860,000	$11,716,000	$12,031,000	$ 7,675,000	$12,204,000	$11,503,000	$10,690,000
District's covered payroll	$ 6,686,000	$ 6,865,000	$ 5,128,000	$ 5,372,000	$ 7,020,000	$ 5,648,000	$ 6,700,000	$ 5,436,000	$ 6,386,000	$ 6,701,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	133.14%	164.03%	187.25%	202.16%	210.42%	213.01%	141.74%	224.50%	180.13%	159.53%
Plan fiduciary net position as a percentage of the total pension liability	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See Note to Required Supplementary Information.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 1,287,121	$ 1,544,925	$ 1,770,130	$ 1,977,182	$ 2,058,319	$ 1,831,400	$ 1,925,209	$ 2,278,563	$ 2,595,570	$ 2,529,024
Contributions in relation to the contractually required contribution	(1,287,121)	(1,544,925)	(1,770,130)	(1,977,182)	(2,058,319)	(1,831,400)	(1,925,209)	(2,278,563)	(2,595,570)	(2,529,024)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$11,996,000	$12,281,000	$12,103,000	$12,145,000	$12,036,000	$ 9,588,000	$10,273,000	$11,930,000	$13,066,000	$13,241,000
Contributions as a percentage of covered payroll	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15%**	16.92%***	19.10%	19.10%	19.10%

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 813,259	$ 712,229	$ 1,079,376	$ 1,267,975	$ 1,384,321	$ 1,386,962	$ 1,497,307	$ 1,620,105	$ 1,787,755	$ 2,085,562
Contributions in relation to the contractually required contribution	(813,259)	(712,229)	(1,079,376)	(1,267,975)	(1,384,321)	(1,386,962)	(1,497,307)	(1,620,105)	(1,787,755)	(2,085,562)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,865,000	$ 5,128,000	$ 5,372,000	$ 7,020,000	$ 5,648,000	$ 6,700,000	$ 5,436,000	$ 6,386,000	$ 6,701,000	$ 7,710,000
Contributions as a percentage of covered payroll	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	22.68%	27.05%

See Note to Required Supplementary Information.

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in Total Other Postemployment Benefits (OPEB) liability: The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

Changes of Assumptions: The discount rates used for the total OPEB liability was 3.87, 3.50, 2.21, 2.16, 3.69, 3.86, 3.86, and 3.97 percent at the June 30, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025 measurement dates, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

	Measurement Period									
Assumption	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period									
Assumption	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2025

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
ASSETS							
Cash in County Treasury	$ 16,197	$ 6,130	$ 1,486,692	$ -	$ 35,209	$ 2,134,867	$ 3,679,095
Cash on hand and in banks	-	-	1,586	-	-	-	1,586
Cash in revolving fund	-	-	100	-	-	-	100
Receivables	54	530	337,680	189	145	10,103	348,701
Due from other funds	-	8,534	8,006	88,215	-	-	104,755
Total assets	$ 16,251	$ 15,194	$ 1,834,064	$ 88,404	$ 35,354	$ 2,144,970	$ 4,134,237
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 7	$ 1,684	$ 144,319	$ -	$ 13,272	$ -	$ 159,282
Due to other funds	-	10,530	39,032	88,404	-	-	137,966
Total liabilities	7	12,214	183,351	88,404	13,272	-	297,248
Fund balances:							
Nonspendable	-	-	100	-	-	-	100
Restricted	16,244	2,980	1,650,613	-	22,082	2,144,970	3,836,889
Total fund balances	16,244	2,980	1,650,713	-	22,082	2,144,970	3,836,989
Total liabilities and fund balances	$ 16,251	$ 15,194	$ 1,834,064	$ 88,404	$ 35,354	$ 2,144,970	$ 4,134,237

See accompanying notes to supplementary information.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2025

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
Revenues:							
Federal sources	$ -	$ -	$ 1,142,897	$ -	$ -	$ -	$ 1,142,897
Other state sources	-	829,417	716,500	-	-	12,718	1,558,635
Other local sources	141,166	9,018	213,131	1,924	22,082	2,443,062	2,830,383
Total revenues	141,166	838,435	2,072,528	1,924	22,082	2,455,780	5,531,915
Expenditures:							
Current:							
Classified salaries	-	427,679	516,397	-	-	-	944,076
Employee benefits	-	217,628	308,125	-	-	-	525,753
Books and supplies	55,847	72,851	574,680	1,950	-	-	705,328
Contract services and operating expenditures	98,199	87,227	366,072	393,737	-	-	945,235
Capital outlay	-	-	-	-	173,229	-	173,229
Debt service:							
Principal retirement	-	-	-	-	-	459,641	459,641
Interest	-	-	-	-	-	1,954,224	1,954,224
Total expenditures	154,046	805,385	1,765,274	395,687	173,229	2,413,865	5,707,486
(Deficiency) excess of revenue (under) over expenditures	(12,880)	33,050	307,254	(393,763)	(151,147)	41,915	(175,571)
Other financing sources (uses):							
Transfers in	-	-	-	393,763	-	-	393,763
Transfers out	-	(60,725)	(60,508)	-	-	-	(121,233)
Total other financing sources (uses)	-	(60,725)	(60,508)	393,763	-	-	272,530
Net change in fund balances	(12,880)	(27,675)	246,746	-	(151,147)	41,915	96,959
Fund balance, July 1, 2024	29,124	30,655	1,403,967	-	173,229	2,103,055	3,740,030
Fund balance, June 30, 2025	$ 16,244	$ 2,980	$ 1,650,713	$ -	$ 22,082	$ 2,144,970	$ 3,836,989

See accompanying notes to supplementary information.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2025

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT

	Second Period Report (Original)	Revised Second Period Report (Audited)*	Annual Report
Certificate #:	4B9F5517	2B7C4707	A733CE45
Transitional Kindergarten through Third	414	414	418
Four through Six	325	325	325
Seven and Eight	260	261	260
Special Education	25	25	25
Subtotal District	1,024	1,025	1,028

IDA JEW ACADEMY CHARTER SCHOOL (CLASSROOM-BASED)

	Second Period Report (Original / Audited)	Annual Report
Certificate #	13EB8A9C	F958442
Transitional Kindergarten through Third	176	176
Four through Six	135	135
Seven and Eight	94	94
Subtotal Charter School (Classroom - Based)	405	405
District Totals	1,429	1,433

* The District revised the Second Period Report of Attendance based on internal updates.

*Reflects revisions made by the District subsequent to the submission of the original Second Period Report of Attendance, based on an internal review of the records.

See accompanying notes to supplementary information.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2025

Grade Level	Statutory Minutes Requirement	2024-2025 Actual Minutes	Number of Days	Status
MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT				
Kindergarten	36,000	49,290	180	In Compliance
Grade 1	50,400	52,590	180	In Compliance
Grade 2	50,400	52,590	180	In Compliance
Grade 3	50,400	52,590	180	In Compliance
Grade 4	54,000	54,385	180	In Compliance
Grade 5	54,000	54,385	180	In Compliance
Grade 6	54,000	54,395	180	In Compliance
Grade 7	54,000	57,240	180	In Compliance
Grade 8	54,000	57,240	180	In Compliance
IDA JEW ACADEMY CHARTER SCHOOL (CLASSROOM-BASED)				
Kindergarten	36,000	48,575	180	In Compliance
Grade 1	50,400	52,830	180	In Compliance
Grade 2	50,400	52,830	180	In Compliance
Grade 3	50,400	52,830	180	In Compliance
Grade 4	54,000	54,625	180	In Compliance
Grade 5	54,000	54,625	180	In Compliance
Grade 6	54,000	54,395	180	In Compliance
Grade 7	54,000	55,290	180	In Compliance
Grade 8	54,000	55,290	180	In Compliance

See accompanying notes to supplementary information.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Basic Local Assistance Entitlement, Part B, Section 611	13379	$ 353,336
84.173	Special Education Preschool Local Entitlement, Part B, Sec 611	13430	13,699
84.027A	Special Education IDEA Mental Health, Part B	15197	18,256
84.027A	Special Ed: Alternate Dispute Resolution, Part B, Sec 611	13007	20,340
84.173A	Special Education Preschool Staff Development	13431	102
	Subtotal Special Education Cluster		405,733
	ESSA: Title III Programs:		
84.365	ESSA: Title III, Immigrant Student Program	15146	13,707
84.365	ESSA: Title III, English Learner Student Program	14346	88,308
	Subtotal ESSA: Title III Programs		102,015
	ESEA: Title I Programs:		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	338,228
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	145,455
	Subtotal ESEA: Title I Programs		483,683
84.367	ESSA: Title II, Part A, Supporting Effective Instruction	14341	82,574
84.424	ESEA (ESSA) Title IV, Part A, Student	15396	19,986
	Total U.S. Department of Education		1,093,991
U.S. Department of Agriculture - Passed through California Department of Education			
10.558	Child Nutrition: CACFP Claims	13666	402,745
	Child Nutrition Cluster:		
10.555	National School Lunch Program	13755	734,782
10.555	Child Nutrition: Local Food for Schools	15708	5,370
	Subtotal Child Nutrition Cluster		740,152
	Total U.S. Department of Agriculture		1,142,897
	Total Federal Program Expenditures		$ 2,236,888

There were no audit adjustments proposed to any funds of the District.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2025
(UNAUDITED)

	(Budget) 2026	2025	2024	2023
General Fund				
Revenues and other financing sources	$ 36,042,821	$ 36,999,126	$ 37,828,347	$ 38,261,193
Expenditures	37,326,616	41,035,304	38,284,315	34,817,037
Other uses and transfers out	-	393,763	55,852	-
Total outgo	37,326,616	41,429,067	38,340,167	34,817,037
Change in fund balance	$ (1,283,795)	$ (4,429,941)	$ (511,820)	$ 3,444,156
Ending fund balance	$ 7,864,548	$ 9,148,343	$ 13,578,284	$ 14,090,104
Available reserves	$ 1,048,684	$ 1,502,443	$ 1,724,210	$ 2,549,686
Designated for economic uncertainties	$ 1,300,000	$ 1,300,000	$ 1,146,000	$ 1,100,000
Undesignated fund balance	$ (251,316)	$ 202,443	$ 578,210	$ 1,449,686
Available reserves as percentages of total outgo	2.81%	3.63%	4.50%	7.32%
Total Funds				
Total long-term liabilities	$ 87,244,730	$ 88,323,501	$ 89,412,459	$ 6,847,945
Average daily attendance at P-2, excluding Charter	984	1,025	1,070	1,119

The combined fund balance of the General Fund, which includes the Special Reserve for Other than Capital Outlay Projects and the Special Reserve for Postemployment Benefits Funds, has decreased by $1,497,605 over the past three fiscal years. The District projects a decrease of $1,283,795 for the fiscal year ending June 30, 2026. For a district this size, the State of California recommends available reserves to be maintained of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2025, the District was in compliance with this requirement, however is not anticipated to meet the requirement for the year ended June 30, 2026 based on current budget . Management is planning to monitor budgeted results to actual performance for fiscal year 2026 and will adjust the fund balance designated for economic uncertainty to ensure the District will meet the 3% reserve requirement.

The District has incurred an operating surplus in one of the past three years, and anticipates an operating deficit during the fiscal year ending June 30, 2026.

Total long-term liabilities have increased by $81,475,556 over the past two years.

Average daily attendance (excluding Ida Jew Academy Charter School) has decreased by 94 over the past two years. The District anticipates a decrease of 41 ADA during the fiscal year ending June 30, 2026.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2025

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
1243 - Ida Jew Academy	Included in District Financial Statements

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. 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 46201 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Mount Pleasant Elementary School District, and is presented on the accrual basis of accounting. The information in this schedule 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).* 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. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

Schedule of Financial Trends and Analysis (Unaudited): This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2025-26 fiscal year as required by the State Controller's Office. The information in this schedule has been derived from audited information.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2025, the District did not adopt this program.

OTHER INFORMATION

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT
ORGANIZATION
June 30, 2025

Mount Pleasant Elementary School District was established in 1865 and is comprised of an area of approximately seven square miles located in Santa Clara County. There were no changes in the boundaries of the District during the current year. The District is currently operating three elementary schools, one charter school and one middle school.

GOVERNING BOARD

Name	Office	Term Expires
Antonio Perez, Jr.	President	December 2026
Brenda Serrano	Vice President	December 2026
Melissa Got-Lopez	Clerk	December 2028
Derek Grasty	Member	December 2028
Robert Ramirez	Member	December 2026

ADMINISTRATION

Dr. Elida MacArthur
Superintendent

Tracy Huynh
Chief Business Officer

Dina Chung
Director of Curriculum, Instruction & Assessment

Dr. Sandra Jewett
Director of Personnel & IT

Laurie Breton
Director of Student Service & Special Ed

Kevin Hutchings
Director of Maintenance & Operations

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

Report on Compliance

Qualified Opinion on State Compliance

We have audited Mount Pleasant Elementary School District's (the District) compliance with the requirements specified in the State of California *2024-25 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, except for the noncompliance described in the Basis of Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements 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 Qualified Opinion on Compliance

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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 noted in the table below.

Matters Giving Rise to Qualified Opinion on State Compliance

As described in the accompanying Schedule of Audit Findings and Questioned Costs as items 2025-002, the District did not comply with the requirements regarding Classroom Teacher Salaries. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to the state laws and regulations referred to below.

(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements noted in the table below 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 *2024-25 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 noted in the table below 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 *2024-25 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 noted in the table below 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 *2024-25 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:

2024-25 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	Yes
E. Continuation Education	N/A, see below
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High School or Programs	N/A, see below

(Continued)

2024-25 K-12 Audit Guide Procedures (continued)	Procedures Performed
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	N/A, see below
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	N/A, see below
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Annual Instructional Minutes-Classroom Based	Yes
FF. Charter School Facility Grant Program	N/A, see below

The District did not offer a Continuation Education Program; therefore, we did not perform any procedures related to this program.

The District did not offer an Early Retirement Incentive Program During the current year, therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District did not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District did not report any applicable hours for Apprenticeship – Related and Supplemental Instruction Program; therefore, we did not perform any procedures related to this program.

The District is not reported as a District of Choice per the California Department of Education; therefore, we did not perform any procedures related to District of Choice.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District did not have any expenditures from the Expanded Learning Opportunities Grant funds in the current fiscal year; therefore, we did not perform any procedures related to this requirement.

The District did receive any funds from the Career Technical Education Incentive Grant; therefore, we did not perform any procedures related to this program.

(Continued)

The District did not have any students that turned six years old by September 1, therefore, we did not perform any procedures related to this program.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study, for charter schools or Determination of Funding for Nonclassroom-Based Instruction, for charter schools because the District's charter school is classroom-based.

The District did not receive Charter School Facility Grant funding in the current year; therefore, we did not perform any procedures relating to the Charter School Facility Grant.

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

Other Matter

The results of our auditing procedures disclosed instances of noncompliance regarding Home to School Transportation, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-003.

Government Auditing Standards require the auditor to perform limited procedures on Mount Pleasant Elementary School District's responses to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Mount Pleasant Elementary School District's responses were not subjected to the other auditing procedures applied in the audit of State Compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003 to be a deficiency.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

(Continued)

Purpose of this Report

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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 15, 2025

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*

Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mount Pleasant Elementary School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Mount Pleasant Elementary School District's basic financial statements, and have issued our report thereon dated December 15, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mount Pleasant Elementary School 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 Mount Pleasant Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Elementary School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of Audit Findings and Questioned Costs that was considered to be a significant deficiency. See finding 2025-001.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Pleasant Elementary School 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.

Mount Pleasant Elementary School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questions Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 15, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Mount Pleasant Elementary School District's 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 Mount Pleasant Elementary School District's major federal program for the year ended June 30, 2025. Mount Pleasant Elementary School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on 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 Mount Pleasant Elementary School 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 the major federal program. Our audit does not provide a legal determination of Mount Pleasant Elementary 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 Mount Pleasant Elementary School District's federal programs.

(Continued)

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 Mount Pleasant Elementary School 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 Mount Pleasant Elementary School District's compliance with the requirements of the 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 Mount Pleasant Elementary School 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 Mount Pleasant Elementary School 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 Mount Pleasant Elementary School 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.

(Continued)

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.

Crowe LLP

Crowe LLP

Sacramento, California
December 15, 2025

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	X	Yes		None reported
Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	Qualified			

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-001 SIGNIFICANT DEFICIENCY – INTERNAL CONTROL – ACCOUNTS PAYABLE (30000)

Criteria: Management of the District is responsible for establishing and maintaining effective internal controls over financial reporting. The District is required to have proper internal controls in place, specifically with respect to accruals and recording of transactions in the appropriate period.

Condition: One invoice for construction services paid by the District in August 2025 included services provided in June 2025. The District did not expense nor include this transaction in accounts payable as of June 30, 2025.

Cause: The District internal controls did not capture items paid after year-end in the accounts payable accrual as of June 30, 2025.

Context: A construction invoice for services provided in June 2025 and paid for in August 2025, was not accrued for as of June 30, 2025.

Effect: The condition resulted in an understatement Building Fund as of June 20, 2025.

Fiscal Impact: The effect of the finding is an understatement of accounts payable and capital outlay expenditures in the Building Fund by $158,434 as of June 30, 2025.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should implement or update internal controls over financial reporting for accounts payable to ensure all services performed but not yet paid are appropriately accrued at fiscal year-end, for all funds of the District.

Views of Responsible Officials and Planned Corrective Action: The District will provide additional training to staff to ensure that invoices, such as construction invoices which typically cross fiscal years, are accrued in the fiscal year where services are performed to ensure expenditures are accounted accurately in the fiscal year.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-002 MATERIAL WEAKNESS – STATE COMPLIANCE – CLASSROOM TEACHER SALARIES (61000)

Criteria: The District's expenditures related to classroom teacher salaries during the audit year, are required to meet or exceed 60% of the total current expense of education in the District's General Fund, as required by Education Code section 41372.

Condition: The District's total adjusted current expense of education in the General Fund for the audit year was calculated to be $32,417,493, and classroom teacher salaries totaled $18,598,987. The ratio of classroom teacher salaries to the current expense of education is calculated as 57.37%, which is deficient by 2.63%, or $851,509 from the State requirement of 60%.

Cause: The District did not establish adequate internal controls to ensure that total expenditures for classroom teacher salaries exceeded the minimum required percentage.

Effect: The District did not comply with the Classroom Teacher Salaries requirements for the year ended June 30, 2025.

Fiscal Impact: Not determined.

Repeat Finding: No.

Recommendation: The District's management should develop and implement necessary internal controls to ensure that classroom teacher salaries exceed the minimum required percentage of current expense of education in the General Fund.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding and will continue to work to implement necessary internal controls to ensure that classroom teacher salaries exceed the minimum required percentage in future reporting periods. Management has applied for and received approval for an exception for the 2024-25 requirement.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-003 DEFICIENCY – STATE COMPLIANCE – HOME TO SCHOOL TRANSPORTATION REIMBURSEMENT (40000)

Criteria: Education Code (EC) Section 39800.1 requires local education agencies (LEA) which receive a home-to-school transportation apportionment per EC 41850.1, to develop a plan describing the transportation services it will offer to its pupils, and how it will prioritize planned transportation services for pupils in transitional kindergarten, kindergarten, and any of grades 1 to 6, inclusive, and pupils who are low income. The plan shall be adopted by the LEA's Governing Board on or before April 1, 2025, and updated by April 1 each year thereafter.

Condition: The District did not develop a plan describing the transportation services it will offer to its pupils that was approved by the Governing Board on or before April 1, 2025.

Cause: The District's Governing Board did not approve a home to school transportation plan prior to April 1, 2025.

Effect: The District is not in compliance with EC section 39800.1, because the home to school transportation plan was not adopted by the District's Governing Board prior to April 1, 2025.

Fiscal Impact: Not determined.

Repeat Finding: No.

Recommendation: The District's home to school transportation plan should be prepared and approved by the District's Governing Board as soon as possible. In addition, the plan should be updated before April 1 of each fiscal year. It is recommended that the District's Governing Board also approve the annual update to the plan each fiscal year going forward.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The home to school transportation plan was presented at the May 14, 2025 board meeting for reading and approval.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

2024 – 001 DEFICIENCY – STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: At three district sites sampled for testing, the school accountability report cards were not consistent with the supporting documentation provided by management, with respect to overall cleanliness attributes.

Recommendation: Management should update or implement internal control processes to ensure that all sites' school accountability report cards are completed appropriately, and agree to the related supporting documentation for all reporting areas required by Ed Code 33126(b)(8).

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

(Continued)

2024 – 002 DEFICIENCY – STATE COMPLIANCE – AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Condition: At the one site selected for testing for the After School Education and Safety (ASES) Program, audit procedures identified attendance reporting included a difference for one student for one day between the supporting documentation of pupil count attendance versus the reported counts. The impact was an understatement of 1 day of attendance for the ASES program.

Recommendation: Management should establish or reinforce necessary internal controls to ensure accurate accounting for attendance.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.