



San Ysidro School District

County of San Diego
San Diego, California

Audit Report
June 30, 2025



San Ysidro School District

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June 30, 2025

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Independent Auditor's Report

To the Board of Education
San Ysidro School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying additional supplementary information, identified in the table of contents, as required by the 2024-25 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

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

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

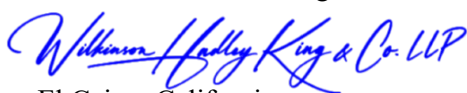
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



El Cajon, California
February 19, 2026

SAN YSIDRO SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Unaudited)

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

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

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2023-24 to 2024-25 was \$167 thousand (0.29%).
- The general fund expenditures increased by \$2 million (2.3%) over the previous year amount.
- General Fund expenses and other uses exceeded revenues and other sources by \$7.5 million.
- The General Fund ended the fiscal year with 3% reserves in unrestricted fund balance.

Overview of the Financial Statements

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

The Basic Financial Statements

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

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

Reporting the district as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2024-25?"

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

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

Reporting the district's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The district as a Whole

The District's net position was \$(113) million at June 30, 2025. Of this amount, unrestricted net position was \$(81.3) million, net investment in capital assets was (\$172) million, and restricted net position was \$140 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position decreased \$25 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, and pupil services represented 57% of total expenses. The administrative activities of the District accounted for just 6% of total costs. The remaining 37% was spent on plant services and other expenses like interest payments on debt. (See Figure 2).

(Table 1)
Comparative Statement of Net Position

	Governmental Activities			
	6/30/2025	6/30/2024	Change	% Change
Assets				
Cash and Investments	\$ 138,532,753	\$ 112,990,675	\$ 25,542,078	22.61%
Accounts receivable	9,601,166	4,145,456	5,455,710	131.61%
Inventory	57,560	30,562	26,998	88.34%
Capital assets, net	133,038,638	131,262,753	1,775,885	1.35%
Lease assets, net	211,251	273,638	(62,387)	-22.80%
Subscription assets, net	13,746	266,959	(253,213)	-94.85%
Total Assets	<u>281,455,114</u>	<u>248,970,043</u>	<u>32,485,071</u>	<u>13.05%</u>
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	38,452,240	41,146,946	(2,694,706)	-6.55%
Total Deferred Outflows of Resources	<u>38,452,240</u>	<u>41,146,946</u>	<u>(2,694,706)</u>	<u>-6.55%</u>
Liabilities				
Accounts payable and other current liabilities	6,599,617	5,175,680	1,423,937	27.51%
Unearned revenue	2,225,978	1,926,482	299,496	15.55%
Long-term liabilities	412,865,024	358,242,344	54,622,680	15.25%
Total Liabilities	<u>421,690,619</u>	<u>365,344,506</u>	<u>56,346,113</u>	<u>15.42%</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	11,463,578	10,577,358	886,220	8.38%
Total Deferred Inflows of Resources	<u>11,463,578</u>	<u>10,577,358</u>	<u>886,220</u>	<u>8.38%</u>
Net Position				
Net investment in capital assets	(172,101,305)	(82,741,500)	(89,359,805)	108.00%
Restricted	140,173,152	108,440,617	31,732,535	29.26%
Unrestricted	(81,318,690)	(111,503,992)	30,185,302	-27.07%
Total Net Position	<u>\$ (113,246,843)</u>	<u>\$ (85,804,875)</u>	<u>\$ (27,441,968)</u>	<u>31.98%</u>

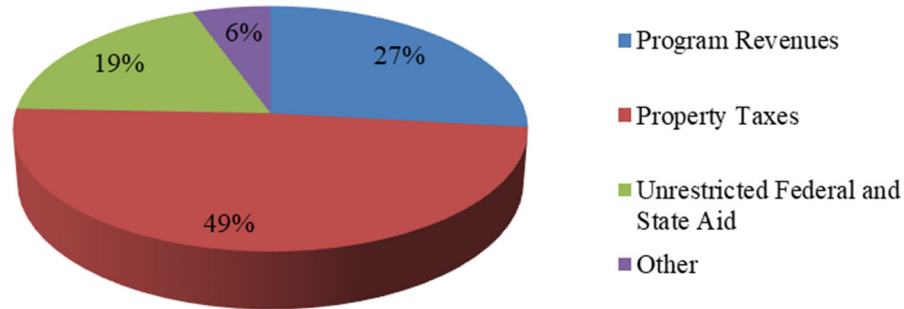
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities			
	Year Ended 6/30/2025	Year Ended 6/30/2024	Change	% Change
Revenues				
Program revenues				
Charges for services	\$ 558,893	\$ 1,698,443	\$ (1,139,550)	-67.09%
Operating grants and contributions	28,866,965	28,303,403	563,562	1.99%
Capital grants and contributions	3,970	3,912	58	1.48%
General revenues				
Taxes levied for general purposes	38,869,538	35,670,344	3,199,194	8.97%
Taxes levied for debt service	14,763,411	12,663,111	2,100,300	16.59%
Taxes levied for other specific purposes	-	4,082,449	(4,082,449)	-100.00%
Federal and state aid not restricted	20,712,341	22,815,348	(2,103,007)	-9.22%
Interest and investment earnings	4,769,763	3,634,539	1,135,224	31.23%
Miscellaneous	1,312,529	(496,531)	1,809,060	-364.34%
Total Revenues	109,857,410	108,375,018	1,482,392	1.37%
Expenses				
Instruction	58,127,115	56,098,565	2,028,550	3.62%
Instruction Related Services	7,188,355	7,273,160	(84,805)	-1.17%
Pupil Support Services	11,746,381	11,631,586	114,795	0.99%
General Administration	7,703,004	9,117,188	(1,414,184)	-15.51%
Plant Services	10,497,907	8,614,567	1,883,340	21.86%
Other Expenses	39,770,324	12,293,291	27,477,033	223.51%
Total Expenses	135,033,086	105,028,357	30,004,729	28.57%
Increase (Decrease) in Net Position	(25,175,676)	3,346,661	(28,522,337)	-852.26%
Net Position - Beginning Balance	(85,804,875)	(89,151,536)	3,346,661	-3.75%
Adjustment to Beginning Balance	(2,266,292)	-	(2,266,292)	100.00%
Net Position - Ending Balance	\$ (113,246,843)	\$ (85,804,875)	\$ (27,441,968)	31.98%

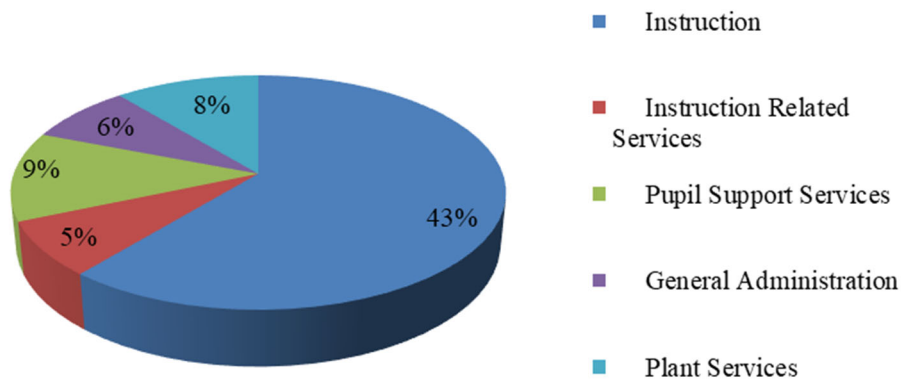
GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$135 million. The amount that our local taxpayers financed for these activities through property taxes was \$52.4 million. Federal and State aid not restricted to specific purposes totaled \$20.7 million. Operating grants, capital grants, and contributions revenue was \$28.8 million. Operating grants, capital grants and unrestricted federal and state aid and covered 37% of the expenses of the entire District (See Figure 1).

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



Expenses for the 2024-25 Fiscal Year
Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's governmental funds reported a combined fund balance of \$141.3 million, an increase of \$30 million from the previous fiscal year's combined ending balance of 110.5 million.

General Fund Budgetary Highlights

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

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

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$11.6 million.

The District ended the year with a decrease of \$7.5 million to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 45,896,267	\$ 45,896,267	\$ -	0.0%
Work in Progress	7,316,954	5,618,857	1,698,097	30.2%
Land Improvements	26,590,420	23,122,129	3,468,291	15.0%
Buildings & Improvements	136,832,134	135,696,338	1,135,796	0.8%
Equipment	4,374,131	4,308,733	65,398	1.5%
Less Accumulated Depreciation for				
Land Improvements	(18,689,973)	(18,037,430)	(652,543)	3.6%
Buildings & Improvements	(65,899,495)	(62,074,210)	(3,825,285)	6.2%
Equipment	(3,381,800)	(3,267,931)	(113,869)	3.5%
Lease Assets	433,557	433,557	-	0.0%
Less Accumulated Amortization	(222,306)	(159,919)	(62,387)	39.0%
Subscription Assets	775,803	845,500	(69,697)	100.0%
Less Accumulated Amortization	<u>(762,057)</u>	<u>(578,541)</u>	<u>(183,516)</u>	<u>100.0%</u>
Total	<u>\$ 133,263,635</u>	<u>\$ 131,803,350</u>	<u>\$ 1,460,285</u>	<u>1.1%</u>

Long-Term Debt

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

(Table 4) Comparative Schedule of Long-Term Debt June 30, 2025 and 2024				
	2025	2024	Change	% Change
General Obligation Bonds	\$ 306,804,981	\$ 243,207,740	\$ 63,597,241	26.15%
Certificates of Participation	32,891,947	34,857,548	(1,965,601)	-5.64%
Leases Payable	227,465	279,265	(51,800)	-18.55%
Subscriptions Payable	18,596	296,506	(277,910)	-93.73%
Principal Apportionment	811,167	811,167	-	0.00%
Total Long-Term Debt	<u>\$ 340,754,156</u>	<u>\$ 279,452,226</u>	<u>\$ 61,301,930</u>	<u>21.94%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, at San Ysidro School District, 4350 Otay Mesa Road, San Ysidro, California 92173.

Basic Financial Statements

San Ysidro School District

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 140,447,434
Accounts Receivable	9,601,166
Inventory	57,560
Capital Assets:	
Land	45,896,267
Land Improvements	26,590,420
Buildings & Improvements	136,832,134
Equipment	4,374,131
Work in Progress	7,316,954
Less Accumulated Depreciation	(87,971,268)
Lease Assets:	
Equipment	433,557
Less Accumulated Amortization	(222,306)
Subscription Assets:	
Software Subscriptions	845,500
Less Accumulated Amortization	(831,754)
Total Assets	<u>283,369,795</u>
 Deferred Outflows of Resources	 <u>38,452,240</u>
 Liabilities	
Accounts Payable and Other Current Liabilities	6,599,617
Unearned Revenue	2,225,978
Long-Term Liabilities:	
Due Within One Year	14,748,408
Due In More Than One Year	398,116,616
Total Liabilities	<u>421,690,619</u>
 Deferred Inflows of Resources	 <u>11,463,578</u>
 Net Position	
Net Investment in Capital Assets	(172,101,305)
Restricted For:	
Capital Projects	103,223,350
Debt Service	16,129,362
Educational Programs	14,969,006
Other Purposes (Expendable)	5,693,874
Other Purposes (Nonexpendable)	157,560
Unrestricted	(79,404,009)
Total Net Position	<u><u>\$ (111,332,162)</u></u>

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

San Ysidro School District

Statement of Activities

For the Year Ended June 30, 2025

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental Activities					
Instruction	\$ 58,127,115	\$ 161,952	\$ 15,287,770	\$ 3,970	\$ (42,673,423)
Instruction-Related Services:					
Instructional Supervision and Administration	1,919,607	-	806,050	-	(1,113,557)
Instructional Library, Media and Technology	1,346,245	-	1,951	-	(1,344,294)
School Site Administration	3,922,503	169	634,590	-	(3,287,744)
Pupil Services:					
Home-to-School Transportation	1,463,419	594	7,914	-	(1,454,911)
Food Services	4,154,929	4,551	4,417,076	-	266,698
All Other Pupil Services	6,128,033	1,312	1,764,626	-	(4,362,095)
General Administration:					
Centralized Data Processing	1,332,763	-	-	-	(1,332,763)
All Other General Administration	6,370,241	1,656	1,140,140	-	(5,228,445)
Plant Services	10,497,907	7,989	830,702	-	(9,659,216)
Ancillary Services	159,507	88,029	75,135	-	3,657
Interest on Long-Term Debt	39,238,441	-	-	-	(39,238,441)
Debt Issuance Costs	372,376	292,641	3,901,011	-	3,821,276
Total Governmental Activities	<u>\$ 135,033,086</u>	<u>\$ 558,893</u>	<u>\$ 28,866,965</u>	<u>\$ 3,970</u>	<u>(105,603,258)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					\$ 38,869,538
Property Taxes, Levied for Debt Service					14,763,411
Federal and State Aid Not Restricted for Specific Purposes					20,712,341
Interest and Investment Earnings					4,769,763
Miscellaneous					1,312,529
Total General Revenues					<u>80,427,582</u>
Change in Net Position					(25,175,676)
Net Position - 7/1/2024, as Previously Stated					(85,804,875)
Adjustment to Beginning Balance (Note A)					<u>(351,611)</u>
Net Position - 7/1/2024, as Restated					<u>(86,156,486)</u>
Net Position - 6/30/2025					<u>\$ (111,332,162)</u>

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

San Ysidro School District

Balance Sheet – Governmental Funds

June 30, 2025

	Blended Component Units (CFD & PFA)							
	General Fund	Child Development Fund	Building Fund	Bond Interest & Redemption Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Assets								
Cash and Investments	\$ 14,639,261	\$ 2,423,368	\$ 82,605,733	\$ 16,129,362	\$ 6,477,691	\$ -	\$ 18,172,019	\$ 140,447,434
Accounts Receivable	7,469,889	483,405	-	-	-	-	1,647,872	9,601,166
Due from Other Funds	872,277	-	476,983	-	2,708,331	2,708,331	241,636	7,007,558
Stores Inventories	-	-	-	-	-	-	57,560	57,560
Total Assets	\$ 22,981,427	\$ 2,906,773	\$ 83,082,716	\$ 16,129,362	\$ 9,186,022	\$ 2,708,331	\$ 20,119,087	\$ 157,113,718
Liabilities and Fund Balance:								
Liabilities:								
Accounts Payable	4,397,258	23,730	155,932	-	-	-	84,776	4,661,696
Due to Other Funds	718,619	452,370	4,573	-	2,826,977	2,708,331	296,688	7,007,558
Unearned Revenue	890,164	1,290,185	-	-	-	-	45,629	2,225,978
Total Liabilities	6,006,041	1,766,285	160,505	-	2,826,977	2,708,331	427,093	13,895,232
Fund Balance:								
Nonspendable	100,000	-	-	-	-	-	57,560	157,560
Restricted	15,921,563	1,140,488	82,922,211	16,129,362	6,359,045	-	19,634,434	142,107,103
Assigned	10,718	-	-	-	-	-	-	10,718
Unassigned	943,105	-	-	-	-	-	-	943,105
Total Fund Balance	16,975,386	1,140,488	82,922,211	16,129,362	6,359,045	-	19,691,994	143,218,486
Total Liabilities and Fund Balances	\$ 22,981,427	\$ 2,906,773	\$ 83,082,716	\$ 16,129,362	\$ 9,186,022	\$ 2,708,331	\$ 20,119,087	\$ 157,113,718

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

San Ysidro School District

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

Total fund balances, governmental funds: \$ 143,218,486

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

Capital assets, lease assets, and subscription assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, subscription assets, accumulated depreciation, and accumulated amortization.

Capital assets relating to governmental activities, at historical cost	221,009,906	
Accumulated depreciation	<u>(87,971,268)</u>	
	Net	133,038,638
Lease assets relating to governmental activities, at historical cost	433,557	
Accumulated amortization	<u>(222,306)</u>	
	Net	211,251
Subscription assets relating to governmental activities, at historical cost	845,500	
Accumulated amortization	<u>(831,754)</u>	
	Net	13,746

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are: 2,434,344

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was: (1,937,921)

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 12,336,667

San Ysidro School District

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

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

General obligation bonds payable	306,804,981	
Certificates of participation payable	32,891,947	
Leases payable	227,465	
Subscription liability	18,597	
Principal apportionment repayment plan	811,167	
Net pension liability	53,585,410	
Total OPEB liability	16,557,218	
Compensated absences	1,968,239	
	<u>Total</u>	(412,865,024)

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

Deferred outflows of resources relating to pensions	22,075,794	
Deferred inflows of resources relating to pensions	<u>(7,209,852)</u>	
	Net	14,865,942

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

Deferred outflows of resources relating to OPEB	1,605,435	
Deferred inflows of resources relating to OPEB	<u>(4,253,726)</u>	
	Net	<u>(2,648,291)</u>

Total net position, governmental activities:	<u><u>\$ (111,332,162)</u></u>
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San Ysidro School District

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

	General Fund	Child Development Fund	Building Fund	Bond Interest & Redemption Fund	Blended Component Units (CFD & PFA)		Nonmajor Governmental Funds	Total
					Capital Projects Fund	Debt Service Fund		
Revenues								
State Apportionment	\$ 17,838,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,838,404
Education Protection Account Funds	785,828	-	-	-	-	-	-	785,828
Property Taxes	38,869,538	-	-	14,763,411	-	-	-	53,632,949
Federal Revenue	5,329,039	409,048	-	-	-	-	3,223,957	8,962,044
Other State Revenue	13,591,974	1,933,417	-	-	-	-	1,302,828	16,828,219
Interest Income	893,656	79,572	1,045,515	333,608	45,790	-	654,957	3,053,098
FMV Adjustment	415,681	34,799	724,733	225,125	36,005	-	280,322	1,716,665
Other Local Revenue	4,773,366	44,906	-	-	3,909,108	-	605,099	9,332,479
Total Revenues	<u>\$ 82,497,486</u>	<u>\$ 2,501,742</u>	<u>\$ 1,770,248</u>	<u>\$ 15,322,144</u>	<u>\$ 3,990,903</u>	<u>\$ -</u>	<u>\$ 6,067,163</u>	<u>\$ 112,149,686</u>
Expenditures								
Current Expenditures:								
Instruction	57,544,175	1,276,753	-	-	-	-	-	58,820,928
Instruction - Related Services	6,697,997	359,600	-	-	-	-	-	7,057,597
Pupil Services	7,658,982	115,087	-	-	-	-	4,077,898	11,851,967
Ancillary Services	34,500	-	-	-	-	-	118,121	152,621
General Administration	7,613,273	149,569	-	-	-	-	135,992	7,898,834
Plant Services	9,059,077	337,154	8,584,119	-	-	-	69,208	18,049,558
Other Outgo	127,284	-	200,396	-	-	-	-	327,680
Capital Outlay	715,661	-	4,638,080	-	-	-	1,013,841	6,367,582
Debt Service:								
Principal	406,261	-	14,575,449	8,646,776	-	623,498	-	24,251,984
Interest	34,039	-	13,830,118	7,430,443	2,723,866	2,084,833	-	26,103,299
Total Expenditures	<u>89,891,249</u>	<u>2,238,163</u>	<u>41,828,162</u>	<u>16,077,219</u>	<u>2,723,866</u>	<u>2,708,331</u>	<u>5,415,060</u>	<u>160,882,050</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,393,763)</u>	<u>263,579</u>	<u>(40,057,914)</u>	<u>(755,075)</u>	<u>1,267,037</u>	<u>(2,708,331)</u>	<u>652,103</u>	<u>(48,732,364)</u>
Other Financing Sources (Uses):								
Transfers In	142,110	-	-	-	-	2,708,331	239,384	3,089,825
Transfers Out	(239,384)	-	-	-	(2,826,977)	-	(23,464)	(3,089,825)
Other Financing Sources/Uses	-	-	-	2,677,951	-	-	-	2,677,951
Proceeds from Bonds	-	-	76,860,000	-	-	-	-	76,860,000
Total Other Financing Sources (Uses)	<u>(97,274)</u>	<u>-</u>	<u>76,860,000</u>	<u>2,677,951</u>	<u>(2,826,977)</u>	<u>2,708,331</u>	<u>215,920</u>	<u>79,537,951</u>
Net Change in Fund Balance	<u>(7,491,037)</u>	<u>263,579</u>	<u>36,802,086</u>	<u>1,922,876</u>	<u>(1,559,940)</u>	<u>-</u>	<u>868,023</u>	<u>30,805,587</u>
Fund Balance - 7/1/2024, as previously stated	<u>24,466,423</u>	<u>-</u>	<u>46,120,125</u>	<u>14,206,486</u>	<u>7,918,985</u>	<u>-</u>	<u>19,700,880</u>	<u>112,412,899</u>
Change with financial reporting entity (major to nonmajor)	-	876,909	-	-	-	-	(876,909)	-
Fund Balance - 7/1/2024, as restated	<u>24,466,423</u>	<u>876,909</u>	<u>46,120,125</u>	<u>14,206,486</u>	<u>7,918,985</u>	<u>-</u>	<u>18,823,971</u>	<u>112,412,899</u>
Fund Balance, 6/30/2025	<u>\$ 16,975,386</u>	<u>\$ 1,140,488</u>	<u>\$ 82,922,211</u>	<u>\$ 16,129,362</u>	<u>\$ 6,359,045</u>	<u>\$ -</u>	<u>\$ 19,691,994</u>	<u>\$ 143,218,486</u>

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

San Ysidro School District

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

Total change in fund balances, governmental funds: \$ 30,805,587

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

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

Expenditures for capital outlay	6,367,582	
Depreciation expense	(4,591,697)	
Amortization expense	<u>(315,600)</u>	
Net		1,460,285

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 24,251,984

Debt proceeds: 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. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (79,537,951)

Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is: 344,923

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (9,493,722)

San Ysidro School District

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

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period was: 2,135,604

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (168,992)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 5,276,946

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (250,340)

Change in net position of governmental activities: \$ (25,175,676)

San Ysidro School District

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

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

The District and the San Ysidro Community Facilities District (the CFD) and the San Ysidro School District Public Financing Authority (PFA) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the CFD and PFA as a component unit of the District. Therefore, the financial activities of the CFD and PFA have been included in the basic financial statements as a blended component unit.

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

a. Manifestations of Oversight

The governing body of the CFD and PFA are substantively the same as the District's Board of Directors.

The CFD and PFA have no employees, the District's Superintendent and Director of Fiscal Services function as agents of the CFD and PFA. Neither individual received additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the CFD and PFA as it is anticipated that the District will be the sole lessee of all facilities owned by the CFD and PFA.

San Ysidro School District

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

b. Accounting and Fiscal Matters

All major financing arrangements, contracts, and other transactions of the CFD and PFA must have the consent of the District.

The District will assume a “moral obligation”, and potentially a legal obligation, for any debt incurred by the CFD and PFA.

c. Scope of Public Service and Financial Presentation

The CFD and PFA was created for the sole purpose of financially assisting the District.

The CFD and PFA were created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to California Government Code, commencing with Section 6500. The CFD and PFA were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD and PFA facilities.

The CFD and PFA’s financial activity for debt service payments is presented in the financial statements of the Debt Service Fund Blended Component Units, all other activities of the CFD and PFA are reported in the financial statements of the Capital Projects Fund for Blended Component Units.

Based upon review of the applicable GASB pronouncements, the District is not a component unit of any other entity.

3. Basis of Presentation

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

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

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

San Ysidro School District

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

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

Major Governmental Funds

The District reports the following major governmental funds:

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

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purpose other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

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

Capital Projects Fund for Blended Component Units (CFD & PFA): This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered component units of the District under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code §5311 et seq.*) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. The District has one CFD reported as a blended component unit.

Debt Service Fund for Blended Component Units (CFD & PFA): This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facility Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code §5311 et seq.*) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. The District has one CFD reported as a blended component unit.

San Ysidro School District

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

Non-Major Governmental Funds

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

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

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

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

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

County School Facilities Fund: This fund is established pursuant to *Education Code §17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Green School Facilities Act of 1998 (*Education Code §17070.10 et seq.*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

San Ysidro School District

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

4. Basis of Accounting – Measurement Focus

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

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

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

5. Encumbrances

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

6. Budgets and Budgetary Accounting

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

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

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

San Ysidro School District

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

San Ysidro School District

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

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

San Ysidro School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

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

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

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of \$5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

g. Unearned Revenue

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

San Ysidro School District

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

h. Interfund Activity

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

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

San Ysidro School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. Deferred Inflows and Deferred Outflows of Resources

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

l. Pensions

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

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

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

San Ysidro School District

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

9. Postemployment Benefits Other than Pensions (OPEB)

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

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

Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2024 to June 30, 2025

10. Property Taxes

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

11. Use of Estimates

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

12. Fair Value Measurements

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

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

San Ysidro School District

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

13. New Accounting Pronouncements

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

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

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

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

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

14. Accounting Changes and Error Corrections

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

Error Corrections

The District was given an adjustment to beginning net fund position for Fund 51 by the County Office during the fiscal year ended June 30, 2025. It is shown below. The District adjusted beginning cash with fiscal agent in Fund 49.

San Ysidro School District

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

Change in Accounting Principle

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

	Government- Wide Financial Statements
Beginning Net Position as Reported in June 30, 2025 Audit Report	\$ (85,804,875)
Adjustments to Beginning Balance:	
Fund 49 cash with fiscal agent adjustment	1,914,681
Fund 51 Adjustment	(1,177,893)
GASB 101 Implementation	(1,088,399)
Beginning Net Position, as Restated	<u>\$ (86,156,486)</u>

Change in Fund Classification

During the year, the District's County School Facilities Fund, previously reported as a major governmental fund, no longer met the quantitative criteria for major fund classification and is now reported as a nonmajor governmental fund. This change has been accounted for by adjusting the beginning fund balance of the County School Facilities Fund and the aggregate nonmajor governmental funds as of July 1, 2024. The change in classification did not result from a change in the nature of the fund's activities, but solely from the application of the major fund criteria in accordance with GASB Statement No. 34, as amended. The fund reclassification had no effect on total net position but resulted in the following change in fund presentation on the financial statements:

	County School Facilities Fund	Nonmajor Governmental Funds
Prior Year Audit Report Ending Fund Balance	\$ 876,909	\$ 19,700,880
Adjustments for:		
GASB 34 Major Fund Classification Change	(876,909)	(876,909)
Total Adjustments	(876,909)	(876,909)
Beginning Fund Balance, As Restated	<u>\$ -</u>	<u>\$ 18,823,971</u>

San Ysidro School District

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

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

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

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

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

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

C. Fair Value Measurements

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

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 137,316,632	\$ -	\$ 137,316,632	\$ -
Total investments by fair value level	<u>\$ 137,316,632</u>	<u>\$ -</u>	<u>\$ 137,316,632</u>	<u>\$ -</u>
Total investments by fair value level				
Money Market Funds	\$ 2,968,118	\$ 2,968,118	\$ -	\$ -
Total investments by fair value level	<u>\$ 2,968,118</u>	<u>\$ 2,968,118</u>	<u>\$ -</u>	<u>\$ -</u>

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

San Ysidro School District

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

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

D. Cash and Investments

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

	General Fund	Child Development Fund	Building Fund	Bond Interest & Redemption Fund
Cash in County Treasury	\$ 14,519,489	\$ 2,422,213	\$ 82,550,795	\$ 16,121,672
FMV Adjustment	6,925	1,155	39,375	7,690
Revolving Cash	112,847	-	-	-
Cash in Bank	-	-	-	-
Cash with Fiscal Agent	-	-	15,563	-
Total	<u>\$ 14,639,261</u>	<u>\$ 2,423,368</u>	<u>\$ 82,605,733</u>	<u>\$ 16,129,362</u>

	Blended Component Units			
	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 3,523,455	\$ -	\$ 18,113,543	\$ 137,251,167
FMV Adjustment	1,681	-	8,639	65,465
Revolving Cash	-	-	1,000	113,847
Cash in Bank	-	-	48,837	48,837
Cash with Fiscal Agent	2,952,555	-	-	2,968,118
Total	<u>\$ 6,477,691</u>	<u>\$ -</u>	<u>\$ 18,172,019</u>	<u>\$ 140,447,434</u>

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$137,251,167 as of June 30, 2025). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$137,316,632. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

San Ysidro School District

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

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

Cash balances on hand and in banks (\$48,837 as of June 30, 2025) and in revolving fund (\$112,847 as of June 30, 2025) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Cash with Fiscal Agents

The District's cash with fiscal agents at (\$2,968,118 as of June 30, 2025) are in short term Money Market accounts.

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

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

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

San Ysidro School District

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2025

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 137,316,632
Money Market Funds	Unrated	Not Applicable	2,968,118

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

At June 30, 2025, the District bank accounts were held in institutions which held insurance for the entire amount, but not in the District's name and as such the District was not exposed to custodial credit risk for any amounts in excess of the FDIC insurance limitations per banking institution.

San Ysidro School District

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of \$137,316,632. The average weighted maturity for this pool was 542 days at June 30, 2025.

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

San Ysidro School District

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

E. Accounts Receivable

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

	General Fund	Child Development Fund	Nonmajor Governmental Funds	Total
Federal Government:				
Special Education	\$ 1,124,362	\$ -	\$ -	\$ 1,124,362
Title I	728,665	-	-	728,665
Title II	176,699	-	-	176,699
ESSER	270,827	-	-	270,827
Title III	120,306	-	-	120,306
Title IV	36,784	-	-	36,784
Child Nutrition	-	-	1,095,032	1,095,032
Other Federal Programs	15,840	134,635	-	150,475
State Government:				
LCFF State Aid	156,609	-	-	156,609
Lottery	301,374	-	-	301,374
Special Education	718,916	-	-	718,916
Child Development	-	348,770	-	348,770
CalSHAPE	56,520	-	-	56,520
Arts & Music in Schools	60,272	-	-	60,272
ELOP	3,678,998	-	-	3,678,998
Child Nutrition	-	-	442,330	442,330
Other State Programs	23,717	-	110,510	134,227
Total Accounts Receivable	<u>\$ 7,469,889</u>	<u>\$ 483,405</u>	<u>\$ 1,647,872</u>	<u>\$ 9,601,166</u>

San Ysidro School District

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

F. Capital Assets, Lease Assets and Subscription Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 45,896,267	\$ -	\$ -	\$ 45,896,267
Work in progress	5,618,857	5,643,672	3,945,575	7,316,954
Total capital assets not being depreciated	51,515,124	5,643,672	3,945,575	53,213,221
Capital assets being depreciated:				
Land improvements	23,122,129	3,468,291	-	26,590,420
Buildings and improvements	135,696,338	1,135,796	-	136,832,134
Equipment	4,308,733	65,398	-	4,374,131
Total capital assets being depreciated	163,127,200	4,669,485	-	167,796,685
Less accumulated depreciation for:				
Land improvements	(18,037,430)	(652,543)	-	(18,689,973)
Buildings and improvements	(62,074,210)	(3,825,285)	-	(65,899,495)
Equipment	(3,267,931)	(113,869)	-	(3,381,800)
Total accumulated depreciation	(83,379,571)	(4,591,697)	-	(87,971,268)
Total capital assets, net	131,262,753	5,721,460	3,945,575	133,038,638
Lease assets				
Equipment	433,557	-	-	433,557
Less accumulated amortization	(159,919)	(62,387)	-	(222,306)
Total lease assets, net	273,638	(62,387)	-	211,251
Subscription assets				
Software subscriptions	845,500	-	69,697	775,803
Less accumulated amortization	(578,541)	(253,213)	(69,697)	(762,057)
Total subscription assets, net	266,959	(253,213)	-	13,746
Total capital lease, and subscription assets, net	\$ 131,803,350	\$ 5,405,860	\$ 3,945,575	\$ 133,263,635

Depreciation and amortization were charged to functions as follows:

	Depreciation	Amortization
Instruction	\$ 3,371,957	\$ 253,213
Instruction - Related Services		
Instructional Library, Media & Technology	668,860	-
Pupil Services		
Home to School Transportation	235,731	-
Food Services	235,731	-
Ancillary Services	6,886	-
General Administration		
Other General Administration	43,611	62,387
Plant Services	28,921	-
Total	\$ 4,591,697	\$ 315,600

San Ysidro School District

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

G. Interfund Balances & Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2025, consisted of the following:

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Building Fund	\$ 4,573	Reimburse expenditures
General Fund	Nonmajor Governmental Funds	296,688	Reimburse expenditures
General Fund	Child Development Fund	452,370	Reimburse expenditures
General Fund	Capital Project Fund	118,646	Capital expenditures
Capital Project Fund	Debt Service Fund	2,708,331	Capital debt
Debt Service Fund	Capital Project Fund	2,708,331	Capital debt
Building Fund	General Fund	476,983	Reimburse expenditures
Debt Service Fund	Debt Service Fund	241,636	Reimburse expenditures
	Total	<u>\$ 7,007,558</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2025, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Capital Project Fund	\$ 118,646	Capital projects expenditures
Debt Service Fund	Nonmajor Governmental funds	23,464	Debt payments
Nonmajor Governmental funds	General Fund	239,384	Revenue transfer
Debt Service Fund	Capital Project Fund	2,708,331	Capital Projects Expenditures
	Total	<u>\$ 3,089,825</u>	

H. Accounts Payable

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

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	General Fund	Child Development Fund	Building Fund		
Vendors Payable	\$ 2,072,220	\$ 32	\$ 155,932	\$ 40,547	\$ 2,268,731
Payroll and Benefits	1,206,736	23,698	-	44,229	1,274,663
LCFF Repayment	1,118,302	-	-	-	1,118,302
Total Accounts Payable	<u>\$ 4,397,258</u>	<u>\$ 23,730</u>	<u>\$ 155,932</u>	<u>\$ 84,776</u>	<u>\$ 4,661,696</u>

San Ysidro School District

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

I. Unearned Revenue

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

	General Fund	Child Development Fund	Non Major Governmental Funds	Total
Federal Programs				
Homeless Children Education	\$ 43,966	-	\$ -	\$ 43,966
ESSER	27,973	-	-	27,973
Head Start	-	1,290,185	-	1,290,185
Child Nutrition	-		45,629	45,629
Other Federal Programs	7,530		-	7,530
Local Programs				
Child Development	131,091		-	131,091
CalSHAPE Grant	642,724		-	642,724
Local Programs	36,880		-	36,880
Total Unearned Revenue	<u>\$ 890,164</u>	<u>\$ 1,290,185</u>	<u>\$ 45,629</u>	<u>\$ 2,225,978</u>

J. Short Term Debt Activity

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

San Ysidro School District

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

K. Fund Balance Classifications of the Governmental Funds

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

	General Fund	Child Development Fund	Building Fund	Bond Interest & Redemption Fund	Blended Component Units (CFD & PFA)		Nonmajor Governmental Funds	Total
					Capital Projects Fund	Debt Service Fund		
Nonspendable Fund Balance								
Revolving Cash	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Stores	-	-	-	-	-	-	57,560	57,560
Total Nonspendable Fund Balance	100,000	-	-	-	-	-	57,560	157,560
Restricted Fund Balance								
Capital Projects	3,246	-	82,922,211	-	4,444,364	-	15,853,529	103,223,350
Debt Service	-	-	-	16,129,362	-	-	-	16,129,362
Educational Programs	13,828,519	1,140,488	-	-	-	-	-	14,969,007
Child Nutrition	-	-	-	-	-	-	3,732,068	3,732,068
Associated Student Body	-	-	-	-	-	-	48,837	48,837
Other Purposes	2,089,798	-	-	-	-	-	-	2,089,798
Total Restricted Fund Balance	15,921,563	1,140,488	82,922,211	16,129,362	4,444,364	-	19,634,434	140,192,422
Assigned Fund Balance								
Educational Programs	10,718	-	-	-	-	-	-	10,718
Total Assigned Fund Balance	10,718	-	-	-	-	-	-	10,718
Unassigned Fund Balance								
For Economic Uncertainties	943,105	-	-	-	-	-	-	943,105
Total Unassigned Fund Balance	943,105	-	-	-	-	-	-	943,105
Total Fund Balance	\$ 16,975,386	\$ 1,140,488	\$ 82,922,211	\$ 16,129,362	\$ 4,444,364	\$ -	\$ 19,691,994	\$ 141,303,805

San Ysidro School District

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

L. Long Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 156,679,993	\$ 76,860,000	\$ 22,087,275	\$ 211,452,718	\$ 8,561,794
Bond Premiums	5,300,992	2,677,951	737,592	7,241,351	341,476
Accreted Interest	81,226,755	9,167,381	2,283,224	88,110,912	2,418,206
Total GO Bonds	<u>243,207,740</u>	<u>88,705,332</u>	<u>25,108,091</u>	<u>306,804,981</u>	<u>11,321,476</u>
 Certificates of Participation	32,655,000	-	1,835,000	30,820,000	1,740,000
COPS Premiums	2,202,548	-	130,601	2,071,947	123,384
Total Certificates of Participation	<u>34,857,548</u>	<u>-</u>	<u>1,965,601</u>	<u>32,891,947</u>	<u>1,863,384</u>
 Leases Payable	279,265	-	51,800	227,465	56,087
Subscriptions Payable	296,506	-	277,910	18,596	8,835
Principal Apportionment Plan	811,167	-	-	811,167	270,390
Total OPEB Liability*	16,017,716	539,502	-	16,557,218	-
Net Pension Liability*	62,061,554	-	8,476,144	53,585,410	-
Compensated Absences*	1,799,247	168,993	-	1,968,240	1,228,236
Total Governmental Activities	<u>\$ 359,330,743</u>	<u>\$ 89,413,827</u>	<u>\$ 35,879,546</u>	<u>\$ 412,865,024</u>	<u>\$ 14,748,408</u>

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for certificates of participation are made from the debt service fund for blended component units.
- Payments for leases payable are made from the general fund.
- Payments for subscriptions payable are made from the general fund.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general fund.
- Payments for compensated absences are made from the general fund.

San Ysidro School District

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

2. General Obligation Bonds

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

In 1997, registered voters authorized the issuance of \$250,000,000 principal amount of general obligation bonds. Of the amounts originally authorized, \$108,487,391 were not issued.

On March 3, 2020, registered voters approved Measure U authorizing the issuance of \$55,500,000 in bonds to replace the bonds previously authorized in 1997. Of the amounts authorized under Measure U, \$20,500,000 remains unissued.

On March 3, 2020, registered voters approved Measure T authorizing the issuance of \$52,985,000 in general obligation bonds. Of the amounts authorized under Measure T, \$22,155,000 remains unissued.

On April 11, 2024 the District issued refunding bonds in the amount of \$19,135,000 to partially refund 2015 Refunding Bonds.

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
1997 Election, Series D	02/01/05	3.00-4.25%	08/01/29	\$ 24,619,362
1997 Election, Series E	11/15/07	4.00-5.00%	08/01/32	33,952,740
1997 Election, Series F	06/28/11	2.00-10.90%	08/01/50	17,599,623
1997 Election, Series G	05/31/12	5.45-12.00%	08/01/41	28,990,884
2012 Refunding Bonds	06/27/12	0.50-5.00%	08/01/29	29,860,000
2015 Refunding Bonds	06/03/15	2.00-5.43%	08/01/48	45,643,442
2020 Series A, Measure U	09/03/20	3.00-4.00%	08/01/45	20,000,000
2020 Series A, Measure T	09/03/20	0.37-2.97%	08/01/45	15,830,000
2020 Series B, Measure T	08/01/23	4.00 - 5.00%	08/01/45	15,000,000
2020 Series B, Measure U	08/01/23	4.00 - 5.00%	08/01/45	15,000,000
2024 Refunding Bond	04/11/24	4.00%	08/01/43	19,135,000
2020 Series C, Measure T	04/15/25	5.00%	08/01/48	22,155,000
2020 Series C, Measure U	04/15/25	5.00%	08/01/48	20,500,000
2025 Refunding Bond	04/15/25	5.00%	08/01/44	34,205,000
Total GO Bonds				<u>\$ 342,491,051</u>

San Ysidro School District

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
1997 Election, Series D					
Principal	\$ 8,670,167	\$ -	\$ 1,341,094	\$ 7,329,073	\$ 1,341,794
Premium	209,296	-	32,374	176,922	32,391
Accreted Interest	14,919,714	1,189,668	2,198,906	13,910,476	2,418,206
1997 Election, Series E					
Principal	14,137,741	-	65,682	14,072,059	-
Premium	301,361	-	709	300,652	-
Accreted Interest	18,290,106	1,706,144	84,318	19,911,932	-
1997 Election, Series F					
Principal	580,702	-	-	580,702	-
Premium	35,967	-	-	35,967	-
Accreted Interest	1,629,392	247,517	-	1,876,909	-
1997 Election, Series G					
Principal	28,990,884	-	-	28,990,884	-
Premium	925,828	-	-	925,828	-
Accreted Interest	26,917,761	3,252,091	-	30,169,852	-
2012 Refunding Bonds					
Principal	8,005,000	-	1,790,000	6,215,000	1,905,000
Premium	500,639	-	111,948	388,691	119,140
2015 Refunding Bonds					
Principal	18,105,499	-	15,570,499	2,535,000	2,535,000
Premium	532,706	-	458,119	74,587	74,585
Accreted Interest	19,469,782	2,771,961	-	22,241,743	-
2020 Series A, Measure U					
Principal	15,995,000	-	155,000	15,840,000	190,000
Premium	2,070,992	-	19,022	2,051,970	23,318
2020 Series A, Measure T					
Principal	13,060,000	-	225,000	12,835,000	245,000
2020 Series B, Measure T					
Principal	15,000,000	-	1,480,000	13,520,000	1,195,000
Premium	578,889	-	57,117	521,772	46,118
2020 Series B, Measure U					
Principal	15,000,000	-	1,460,000	13,540,000	1,150,000
Premium	599,005	-	58,303	540,702	45,924
2024 Refunding Bond					
Principal	19,135,000	-	-	19,135,000	-
Discount	(453,691)	-	-	(453,691)	-
2020 Series C, Measure T					
Principal	-	22,155,000	-	22,155,000	-
Premium	-	639,005	-	639,005	-
2020 Series C, Measure U					
Principal	-	20,500,000	-	20,500,000	-
Premium	-	588,815	-	588,815	-
2025 Refunding Bond					
Principal	-	34,205,000	-	34,205,000	-
Discount	-	1,450,131	-	1,450,131	-
Total GO Bonds	<u>\$ 243,207,740</u>	<u>\$ 88,705,332</u>	<u>\$ 25,108,091</u>	<u>\$ 306,804,981</u>	<u>\$ 11,321,476</u>

San Ysidro School District

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

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

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 8,561,794	\$ 5,574,586	\$ 2,418,206	\$ 16,554,586
2027	4,373,112	7,282,931	5,186,888	16,842,931
2028	4,485,327	6,776,358	5,644,673	16,906,358
2029	4,473,335	6,716,792	6,261,665	17,451,792
2030	4,475,789	6,659,023	6,899,211	18,034,023
2031-2035	20,929,037	32,739,667	39,915,963	93,584,667
2036-2040	32,480,723	30,966,092	53,874,277	117,321,092
2041-2045	82,713,601	23,320,928	75,991,354	182,025,883
2046-2050	48,960,000	5,008,621	78,221,603	132,190,224
Total	<u>\$ 211,452,718</u>	<u>\$ 125,044,997</u>	<u>\$ 274,413,840</u>	<u>\$ 610,911,555</u>

Accreted Interest

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

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

Premium/Discount

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

Bond discount arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the discount decrease the face value of the bond and then amortize the discount over the life of the bond. The discounts are amortized over the life of the bond using the effective interest rate method.

San Ysidro School District

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

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

	<u>1997 Series D</u>	<u>1997 Series E</u>	<u>1997 Series F</u>	<u>1997 Series G</u>	<u>2012 Refunding</u>
Total Interest Payments on Bonds	\$ 30,814,643	\$ 43,043,707	\$ 213,389,044	\$ 88,034,116	\$ 9,538,616
Less Bond Premium	(594,306)	(723,738)	(1,090,083)	(925,828)	(1,867,466)
Net Interest Payments	<u>\$ 30,220,337</u>	<u>\$ 42,319,969</u>	<u>\$ 212,298,961</u>	<u>\$ 87,108,288</u>	<u>\$ 7,671,150</u>
Par Amount of Bonds	24,619,362	33,952,740	17,599,623	28,990,884	29,860,000
Periods	25	25	39	30	18
Effective Interest Rate	4.91%	4.99%	30.93%	10.02%	1.43%

	<u>2015 Refunding</u>	<u>2020 Series A, Measure U</u>	<u>2020 Series B, Measure T</u>	<u>2020 Series B, Measure U</u>	<u>2024 Refunding</u>
Total Interest Payments on Bonds	\$ 128,956,075	\$ 11,487,125	\$ 10,111,000	\$ 10,134,800	\$ 14,149,907
Less Bond Premium	(1,342,933)	(2,454,509)	(578,889)	(599,005)	-
Plus Bond Discount	-	-	-	-	453,691
Net Interest Payments	<u>\$ 127,613,142</u>	<u>\$ 9,032,616</u>	<u>\$ 9,532,111</u>	<u>\$ 9,535,795</u>	<u>\$ 14,149,907</u>
Par Amount of Bonds	45,643,442	20,000,000	15,000,000	15,000,000	19,135,000
Periods	34	25	23	23	20
Effective Interest Rate	8.22%	1.81%	2.76%	2.76%	3.70%

3. Certificates of Participation

The District's certificates of participation (COPs) consist of various issues of COPs that are generally callable with interest payable semiannually. COPs proceeds pay primarily for acquiring or constructing capital facilities. The District repays COPs from the debt service fund for component units. The debt is secured by facilities owned by the District.

Certificates of participation issued by the District as of June 30, 2025 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2015 Refunding COPS	08/18/15	1.75-5.00%	09/01/34	\$ 21,585,000
2016 Refunding COPS	09/29/16	2.00-4.00%	09/01/35	6,505,000
2021 COPS	04/08/21	2.00-4.00%	09/01/50	16,455,000
Total COPS				<u>\$ 44,545,000</u>

San Ysidro School District

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2015 Refunding COPS					
Principal	\$ 12,190,000	\$ -	\$ 1,170,000	\$ 11,020,000	\$ 1,060,000
Premium	880,337	-	84,495	795,842	76,551
2016 Refunding COPS					
Principal	5,475,000	-	230,000	5,245,000	230,000
Premium	595,619	-	25,021	570,598	25,021
2021 COPS					
Principal	14,990,000	-	435,000	14,555,000	450,000
Premium	726,592	-	21,085	705,507	21,812
Total COPS	<u>\$ 34,857,548</u>	<u>\$ -</u>	<u>\$ 1,965,601</u>	<u>\$ 32,891,947</u>	<u>\$ 1,863,384</u>

The annual requirements to amortize the certificates of participation at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 1,740,000	\$ 1,099,493	\$ 2,839,493
2027	1,795,000	1,018,343	2,813,343
2028	1,935,000	942,756	2,877,756
2029	2,065,000	861,043	2,926,043
2030	2,215,000	763,218	2,978,218
2031-2035	10,475,000	2,354,790	12,829,790
2041-2045	2,455,000	401,527	2,856,527
2046-2050	2,135,000	111,682	2,246,682
2051-2055	45,000	534	45,534
Total	<u>\$ 30,820,000</u>	<u>\$ 8,398,311</u>	<u>\$ 39,218,311</u>

Premium

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

Effective interest on certificates of participation issued at a premium are as follows:

	2015 Refunding COPs	2016 Refunding COPs	2021 COPS
Total Interest Payments on COPs	\$ 9,324,060	\$ 3,376,150	\$ 6,060,569
Less COPS Premium	(1,558,824)	(707,671)	(797,602)
Net Interest Payments	<u>\$ 7,765,236</u>	<u>\$ 2,668,479</u>	<u>\$ 5,262,967</u>
Par Amount of COPs	21,585,000	6,505,000	16,455,000
Periods	20	21	30
Effective Interest Rate	1.80%	1.95%	1.07%

San Ysidro School District

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

4. Leases Payable

The District has entered into three lease agreements for the right to use equipment. The Print Shop lease agreement calls for monthly payments of \$2,732 for 36 months commencing July 1, 2021 and ending June 30, 2025. The Sunset lease calls for monthly payments of \$516 for 38 months commencing July 1, 2021 and ending August 31, 2024. The San Ysidro Middle School lease calls for monthly payments of \$557 for 38 months commencing July 1, 2021 and ending on August 31, 2024. The leases have been discounted to present value at an imputed rate of 3.50%.

Future payments on the leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 56,087	\$ 20,222	\$ 76,309
2027	61,960	14,349	76,309
2028	71,263	5,046	76,309
2029	38,155	-	38,155
Total	<u>\$ 227,465</u>	<u>\$ 39,617</u>	<u>\$ 267,082</u>

5. Subscription Liabilities

The District entered into agreements with various companies subscribing to use of software for specified terms. Ten of the agreements resulted in subscription liabilities as defined by GASB Statement No. 96. Interest was imputed at a rate of 10% for the subscriptions.

Future payments on the subscriptions are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	8,835	1,462	10,297
2027	9,761	536	10,297
Total	<u>\$ 18,596</u>	<u>\$ 1,998</u>	<u>\$ 20,594</u>

6. Principal Apportionment Repayment Plan

In October 2019, the California Department of Education approved the request for a repayment plan to resolve the impact and overstatement of principal apportionment for the 2016-17 fiscal year as a result of the overstated attendance finding which was documented in the 2015-16 audit report. After legal involvement and review, the District and the California Department of Education have agreed on the liability of \$2,163,117 to be repaid in eight annual installments consisting of seven annual installments of \$270,390 each with a final installment of \$270,387.

Annual installments will be withheld from principal apportionment paid to the District each year, beginning with the 2019-20 First Principal Apportionment until the full liability is satisfied. Interest on the outstanding

San Ysidro School District

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

balance of the repayment will be calculated at the rate earned on the state's short term pooled money investment account. Any interest accrued during the year will be calculated and withheld from the Second Principal Apportionment, beginning in 2021-22 until all interest charges are satisfied.

The repayment plan for the liability is as follows:

Year Ended June 30,	2016-17		
	Apportionment Repayments	Interest	Total
2026	\$ 270,390	\$ -	\$ 270,390
2027	270,390	-	270,390
2028	270,387	-	270,387
Totals	<u>\$ 811,167</u>	<u>\$ -</u>	<u>\$ 811,167</u>

7. Limited Tax Obligation Bonds

On April 8, 2021, the District issued limited tax obligation bonds between the Community Facilities District (CFD) and the Public Financing Authority (PFA) for the purpose of repaying the 2021 COPs issued. Principal and interest payments are made from the CFD to the PFA semi-annually. The issuance results in both a debt to the CFD and a receivable to the PFA as follows:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2021 Limited Obligation Bonds - CFD	04/08/21	2.00-4.00%	09/01/50	\$ 16,455,000
2021 Limited Obligation Receivable - PFA	04/08/21	2.00-4.00%	09/01/50	(16,455,000)
Total Limited Obligation Bonds				<u>\$ -</u>

Repayments of the limited obligation bonds are scheduled as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
2021 Limited Obligation Bonds - CFD				
Principal	\$ 14,950,000	\$ -	\$ 435,000	\$ 14,515,000
Premium	726,592	-	21,085	705,507
2021 Limited Obligation Receivable - PFA				
Principal	(14,950,000)	-	(435,000)	(14,515,000)
Premium	(726,592)	-	(21,085)	(705,507)
Total Limited Obligation Bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

San Ysidro School District

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

Year Ended June 30,	CFD Principal	CFD Interest	PFA Receivable
2026	\$ 450,000	\$ 413,218	\$ (863,218)
2027	510,000	395,217	(905,217)
2028	545,000	374,818	(919,818)
2029	590,000	353,017	(943,017)
2030	625,000	329,418	(954,418)
2031-2035	2,715,000	1,294,487	(4,009,487)
2036-2040	4,485,000	841,732	(5,326,732)
2041-2045	2,455,000	429,462	(2,884,462)
2046-2050	2,135,000	137,038	(2,272,038)
2051-2055	45,000	1,069	(46,069)
Total	<u>\$ 14,555,000</u>	<u>\$ 4,569,476</u>	<u>\$ (19,124,476)</u>

8. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2025 amounted to \$1,228,236. This amount is included as part of long-term liabilities in the government-wide financial statements.

	Balance July 1, 2024	Current Year Changes	Balance June 30, 2025	Amounts Due Within One Year
Vacation Liability	\$ 710,848	\$ 103,631	\$ 814,479	\$ 814,479
Sick Leave	1,088,399	65,362	1,153,761	413,757
Total	<u>\$ 1,799,247</u>	<u>\$ 168,993</u>	<u>\$ 1,968,240</u>	<u>\$ 1,228,236</u>

9. Net Pension Liability

The District's beginning net pension liability was \$62,061,554 and decreased by \$8,476,144 during the year ended June 30, 2025 for an ending net pension liability of \$53,585,410. See Note M for additional information regarding the net pension liability.

10. Net OPEB Liability

The District's beginning net OPEB liability was \$16,017,716 and increased during the year ended June 30, 2025 by \$539,502. The ending net OPEB liability at June 30, 2025 was \$16,557,218. See Note N for additional information regarding the net OPEB liability.

San Ysidro School District

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

M. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

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

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

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

San Ysidro School District

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

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

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

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

c. Contributions

CalSTRS

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

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2025, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 27.05% of covered payroll.

San Ysidro School District

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

On Behalf Payments

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

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2023	10.828%	\$ 3,076,229	\$ 9,374,073
2024	10.828%	2,700,629	(861,171)
2025	10.828%	2,518,005	(418,760)

d. Contributions Recognized

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

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)

<i>Governmental Funds</i>	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 5,616,580	\$ 4,379,706	\$ 9,996,286
Contributions - State On Behalf Payments	2,721,723	-	2,721,723
Total Governmental Funds	<u>\$ 8,338,303</u>	<u>\$ 4,379,706</u>	<u>\$ 12,718,009</u>

Government-Wide Financial Statements (Economic Resources Measurement Focus)

<i>Governmental Activities</i>	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 5,488,242	\$ 3,564,238	\$ 9,052,480
Contributions - State On Behalf Payments	2,518,005	-	2,518,005
Total Governmental Activities	<u>\$ 8,006,247</u>	<u>\$ 3,564,238</u>	<u>\$ 11,570,485</u>

San Ysidro School District

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

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

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

	Governmental Activities
CalSTRS	\$ 29,378,806
CalPERS	24,206,604
Total	<u>\$ 53,585,410</u>

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

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

	CalSTRS		CalPERS
	District's Proportionate Share	State's Proportionate Share for District *Employees	Total for District Employees
<i>Governmental Activities</i>			District's Proportionate Share
Proportion June 30, 2024	0.049100%	0.023517%	0.072617%
Proportion June 30, 2025	0.043743%	0.020069%	0.063812%
Change in Proportion	<u>-0.005357%</u>	<u>-0.003448%</u>	<u>-0.008805%</u>

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

San Ysidro School District

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

a. Pension Expense

	<i>Governmental Activities</i>		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability	\$ (8,016,104)	\$ (460,042)	\$ (8,476,146)
State On Behalf Pension Expense	(418,760)	-	(418,760)
Employer Contributions	5,616,580	4,379,706	9,996,286
Change in Deferrals for:			
Experience Differences	(1,099,475)	(1,334,812)	(2,434,287)
Changes in Assumptions	87,927	601,335	689,262
Changes in Proportionate Share	3,977,776	(334,918)	3,642,858
Subsequent Contributions	(49,084)	(622,247)	(671,331)
Earnings Differences	278,232	1,694,464	1,972,696
Total Pension Expense Government-Wide	<u>\$ 377,092</u>	<u>\$ 3,923,486</u>	<u>\$ 4,300,578</u>

b. Deferred Outflows and Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>		
	CalSTRS	CalPERS	Total
<i>Governmental Activities</i>			
Subsequent Contributions	\$ 5,616,580	\$ 4,379,706	\$ 9,996,286
Experience Differences	3,323,530	2,029,371	5,352,901
Changes in Assumptions	128,604	535,048	663,652
Changes in Proportionate Share	5,122,669	-	5,122,669
Earnings Differences	-	940,286	940,286
Total Deferred Outflows of Resources	<u>\$ 14,191,383</u>	<u>\$ 7,884,411</u>	<u>\$ 22,075,794</u>

	<i>Deferred Inflows of Resources</i>		
	CalSTRS	CalPERS	Total
<i>Governmental Activities</i>			
Experience Differences	\$ (1,285,544)	\$ (173,246)	\$ (1,458,790)
Changes in Proportionate Share	(4,703,214)	(927,818)	(5,631,032)
Earnings Differences	(120,030)	-	(120,030)
Total Deferred Inflows of Resources	<u>\$ (6,108,788)</u>	<u>\$ (1,101,064)</u>	<u>\$ (7,209,852)</u>

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

San Ysidro School District

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

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

	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended					Net Effect
June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2026	\$ 7,569,851	\$ 5,726,626	\$ (4,147,843)	\$ (756,791)	\$ 8,391,843
2027	1,953,271	2,218,534	1,393,088	(304,062)	5,260,831
2028	1,534,794	236,772	(1,111,997)	(40,211)	619,358
2029	1,502,537	(297,521)	(1,035,407)	-	169,609
2030	1,440,648	-	(603,316)	-	837,332
Thereafter	190,282	-	(603,313)	-	(413,031)
Total	\$ 14,191,383	\$ 7,884,411	\$ (6,108,788)	\$ (1,101,064)	\$ 14,865,942

c. Actuarial Assumptions

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

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

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

San Ysidro School District

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

d. Discount Rate

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

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

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

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

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

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

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

San Ysidro School District

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

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

CalSTRS

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

⁽¹⁾ 20 to 30 year geometric average.

⁽²⁾ Real rates of return are net of assumed 2.75% inflation

CalPERS

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

⁽³⁾ An expected price inflation of 2.30% used for this period.

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

San Ysidro School District

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

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 52,255,825	\$ 35,959,112
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 29,378,806	\$ 24,206,604
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 10,276,106	\$ 14,498,097

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

CalSTRS Governmental Activities

	Increase (Decrease)			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)
Balance at June 30, 2024				
(Previously Reported)	\$ 285,442,901	\$ 230,137,277	\$ 55,305,624	\$ 17,910,714
Changes for the year				
Change in proportionate share	(34,610,694)	(27,904,743)	(6,705,951)	(2,626,021)
Service cost	5,555,473	-	5,555,473	1,747,207
Interest	17,775,471	-	17,775,471	5,590,421
Experience differences	1,943,075	-	1,943,075	611,101
Change in assumptions	(3,414,580)	-	(3,414,580)	(1,073,892)
Change in benefits	21,058	-	21,058	6,623
Contributions:				
Employer	-	5,478,536	(5,478,536)	(1,723,010)
Employee	-	3,021,498	(3,021,498)	(950,267)
State on behalf	-	2,518,005	(2,518,005)	(791,918)
Net investment income	-	16,701,515	(16,701,515)	(5,252,659)
Other income	-	249,505	(249,505)	(78,470)
Benefit payments ⁽¹⁾	(12,244,247)	(12,244,247)	-	-
Administrative expenses	-	(129,538)	129,538	40,740
Borrowing costs	-	(212,494)	212,494	66,830
Other expenses	-	(4,467)	4,467	1,405
Net changes	(24,974,444)	(12,526,430)	(12,448,014)	(4,431,910)
Balance at June 30, 2025	\$ 260,468,457	\$ 217,610,847	\$ 42,857,610	\$ 13,478,804

(1) – Includes refunds of employee contributions

San Ysidro School District

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

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2024			
(Previously Reported)	\$ 82,120,343	\$ 57,453,697	\$ 24,666,646
Changes for the year			
Change in proportionate share	(494,106)	(345,690)	(148,416)
Service cost	2,099,121	-	2,099,121
Interest	5,700,886	-	5,700,886
Experience differences	1,962,084	-	1,962,084
Contributions:			
Employer	-	3,636,434	(3,636,434)
Employee	-	1,039,121	(1,039,121)
Net investment income	-	5,445,425	(5,445,425)
Benefit payments ⁽¹⁾	(4,032,704)	(4,032,704)	-
Administrative expenses	-	(47,263)	47,263
Net changes	5,235,281	5,695,323	(460,042)
Balance at June 30, 2025	<u>\$ 87,355,624</u>	<u>\$ 63,149,020</u>	<u>\$ 24,206,604</u>

(1) – Includes refunds of employee contributions

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

San Ysidro School District

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

N. Postemployment Benefits Other Than Pension Benefits

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

1. Plan Description

The District's defined benefit OPEB plan, San Ysidro School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board.

2. Benefits Provided

The following is a summary of the current retiree benefit plan:

Certificated Employees

The District provides retiree medical coverage for retirees only until the last day of the month in which the retiree attains age 65. Retirees pay 100% of the cost of any spouse and dependent coverage. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution to retiree medical coverage beyond age 65. Eligibility for retiree health coverage requires retirement on or after age 55 with at least 15 years of service with the District. The retiree pays 100% of the cost of coverage to continue dental, vision, and life benefits.

Classified Employees

The District provides retiree medical coverage for retirees only until the last day of the month in which the retiree attains age 65. The District will pay 50% of the cost of coverage if the retiree has 15 years of service retirement. The 50% amount increases by 10% for each additional year of service up to 100%. The retiree pays 100% of the cost of any spouse or dependent coverage. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for retiree medical coverage beyond age 65. Eligibility for retiree health coverage requires retirement on or after age 55 with at least 15 years of service with the District. The retiree pays 100% of the cost of coverage to continue dental, vision, and life benefits.

Management, Confidential and Supervisory Employees

The District provides retiree medical coverage for retirees only until the last day of the month in which the retiree attains age 65. Retirees pay 100% of the cost of any spouse and dependent coverage. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for retiree medical coverage beyond age 65. Eligibility for retiree health coverage requires retirement on or after age 55 with at least 15 years of service with the District. The retiree pays 100% of the cost of coverage to continue dental, vision, and life benefits.

San Ysidro School District

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

Former Board Members

Former board members may continue health benefits at retirement on a self-pay basis. Former board members first elected to the governing board prior to January 1, 1995 and serving at least 12 years may receive a District contribution for retiree only coverage.

3. Contributions

The contribution requirements of plan members and the San Ysidro School District are established and may be amended by the San Ysidro School District through negotiations with bargaining units. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

4. Plan Membership

Membership of the plan consisted of the following as of June 30, 2025:

Inactive plan members or beneficiaries currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>516</u>
	<u>561</u>

5. Net OPEB Liability

The San Ysidro School District's Net OPEB liability of \$16,557,218 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

6. Actuarial Assumptions and Other Inputs

The Net OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:	
Inflation	2.50% per annum
Salary increases	2.80% per annum, in aggregate
Discount rate	4.21%
Healthcare cost trend rates	8.00%
Retiree's share of costs	0.00%

The discount rate is based on the Fidelity GO AA 20 Year Municipal Bond Index, which are tax-exempt municipal bonds with an average rating of AA/Aa or higher.

San Ysidro School District

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

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality improvement scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of CalPERS actuarial experience study for the period July 1, 2000 through June 30, 2019 and the CalSTRS experience study for the period July 1, 2015 through June 30, 2018.

7. Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>
Service cost	\$ 783,669
Interest	679,415
Experience (Gains)/Losses	(129,932)
Changes of assumptions	(85,169)
Benefit payments	<u>(708,481)</u>
Net change in Total OPEB Liability	539,502
Total OPEB Liability - Beginning	<u>16,017,716</u>
Total OPEB Liability - Ending	<u><u>\$ 16,557,218</u></u>

8. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability of the Plan, as well as what the District's Net 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:

	<u>1% Decrease (3.21%)</u>	<u>Valuation Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
Total OPEB Liability	\$ 17,638,456	\$ 16,557,218	\$ 15,515,182

San Ysidro School District

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

9. Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the Net OPEB liability of the Plan, as well as what the District's Net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
	7.00%	8.00%	9.00%
	Decreasing to	Decreasing to	Decreasing to
	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Total OPEB Liability	\$ 14,878,396	\$ 16,557,218	\$ 18,494,414

10. OPEB Expense

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$(400,787).

11. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2025 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience (Gains)/Losses	\$ 190,167	\$ (1,115,562)
Changes of assumptions	603,311	(3,138,164)
Subsequent contributions	811,957	-
Total	<u>\$ 1,605,435</u>	<u>\$ (4,253,726)</u>

San Ysidro School District

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

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will impact OPEB expense under the following amortization schedule:

12. Liabilities Due to The OPEB Plan

As of June 30, 2025, there are no liabilities owed to the OPEB Plan.

O. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

San Ysidro School District

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

P. Participation in Joint Powers Authorities

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

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

Q. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

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

3. Construction Commitments

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

<u>Construction in Process:</u>	<u>Commitment</u>	<u>Expected Date of Final Completion*</u>
SYMS Modernization	\$ 39,766,000	December 2026
Community Resource Center at Beyer Site	19,931,000	December 2026
Total	<u>\$ 59,697,000</u>	

San Ysidro School District

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

R. Deferred Outflows of Resources

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

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

Refunding Bonds and COPs that resulted in a loss on refunding have recorded the loss as a deferred outflow of resources to be amortized over the life of the debt in accordance with GASB Statement No. 65.

Prepaid insurance on debt instruments has been recorded as a deferred outflow of resources to be amortized over the life of the debt in accordance with GASB Statement No 65.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Losses				
Refunding Bonds	\$ 11,017,212	\$ 7,010,960	\$ 7,880,612	\$ 10,147,560
Refunding COPs	2,335,268	-	146,161	2,189,107
Prepaid Debt Insurance	2,089,421	389,619	44,696	2,434,344
OPEB related	1,724,803	811,957	931,325	1,605,435
Pension related				
CalSTRS	15,444,947	878,591	2,132,155	14,191,383
CalPERS	8,535,295	1,068,619	1,719,503	7,884,411
Total Deferred Outflows of Resources	<u>\$ 41,146,946</u>	<u>\$ 10,159,746</u>	<u>\$ 12,854,452</u>	<u>\$ 38,452,240</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	Prepaid Debt Insurance	Pension Related	OPEB Related	Total
2026	\$ 1,138,248	\$ 197,488	\$ 13,296,477	\$ 1,034,801	\$ 15,667,014
2027	775,693	43,577	4,171,805	222,844	5,213,919
2028	775,693	47,522	1,771,566	222,848	2,817,629
2029	775,693	51,402	1,205,016	93,859	2,125,970
2030	775,701	55,379	1,440,648	15,541	2,287,269
Thereafter	8,095,639	2,038,976	190,282	15,542	10,340,439
Total	<u>\$ 12,336,667</u>	<u>\$ 2,434,344</u>	<u>\$ 22,075,794</u>	<u>\$ 1,605,435</u>	<u>\$ 38,452,240</u>

San Ysidro School District

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

S. Deferred Inflows of Resources

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

In accordance with GASB Statement No. 75, the District has recorded deferred inflows of resources for OPEB related items as prescribed by the statement.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
OPEB related	\$ 4,662,256	\$ 215,101	\$ 623,631	\$ 4,253,726
Pension related				
CalSTRS	4,166,976	5,501,764	3,559,952	6,108,788
CalPERS	1,748,126	163,649	810,711	1,101,064
Total Deferred Inflows of Resources	<u>\$ 10,577,358</u>	<u>\$ 5,880,514</u>	<u>\$ 4,994,294</u>	<u>\$ 11,463,578</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2026	\$ 4,904,634	\$ 623,627	\$ 5,528,261
2027	(1,089,026)	607,169	(481,857)
2028	1,152,208	607,169	1,759,377
2029	1,035,407	607,173	1,642,580
2030	603,316	559,191	1,162,507
Thereafter	603,313	1,249,397	1,852,710
Total	<u>\$ 7,209,852</u>	<u>\$ 4,253,726</u>	<u>\$ 11,463,578</u>

T. Upcoming Accounting Guidance

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

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

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

Required Supplementary Information

San Ysidro School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)		Variance Actual to Final Budget Positive/ (Negative)
	Original	Final		Actual	
Revenues					
LCFF Sources					
State Apportionment	\$ 20,388,364	\$ 17,640,396	\$ (2,747,968)	\$ 17,838,404	\$ 198,008
Education Protection Account	784,812	786,096	1,284	785,828	(268)
Property Taxes	35,486,692	38,912,349	3,425,657	38,869,538	(42,811)
Federal Revenue	2,855,080	5,322,440	2,467,360	6,352,689	1,030,249
Other State Revenue	16,213,281	16,437,435	224,154	12,568,324	(3,869,111)
Interest Income	350,000	700,000	350,000	-	(700,000)
Fair Market Value Adjustment	-	-	-	-	-
Other Local Revenue	2,584,525	4,062,528	1,478,003	6,082,703	2,020,175
Total Revenues	78,662,754	83,861,244	5,198,490	82,497,486	(1,363,758)
Expenditures					
Current Expenditures:					
Certificated Salaries	28,659,058	30,838,355	(2,179,297)	31,190,690	(352,335)
Classified Salaries	12,353,530	13,434,519	(1,080,989)	15,216,714	(1,782,195)
Employee Benefits	19,003,212	19,798,591	(795,379)	21,672,937	(1,874,346)
Books and Supplies	2,211,376	6,213,889	(4,002,513)	2,749,783	3,464,106
Services and Other Operating	16,474,186	24,649,378	(8,175,192)	18,058,008	6,591,370
Other Outgo	271,000	271,000	-	127,284	143,716
Direct Support/Indirect Costs	(359,150)	(240,399)	(118,751)	(280,128)	39,729
Capital Outlay	-	478,707	(478,707)	715,661	(236,954)
Debt Service:					
Principal	-	-	-	406,261	(406,261)
Interest	-	-	-	34,039	(34,039)
Total Expenditures	78,613,212	95,444,040	(16,830,828)	89,891,249	5,552,791
Excess (Deficiency) of Revenues Over Expenditures					
	49,542	(11,582,796)	(11,632,338)	(7,393,763)	4,189,033
Other Financing Sources (Uses)					
Proceeds from Leases and Subscriptions			-	-	-
Transfers In		30,000	30,000	142,110	112,110
Transfers Out	-	-	-	(239,384)	(239,384)
Total Other Financing Sources (Uses)	-	30,000	30,000	(97,274)	(127,274)
Net Change in Fund Balance	49,542	(11,552,796)	(11,602,338)	(7,491,037)	4,061,759
Fund Balance - Beginning of Year	24,466,423	24,466,423	-	24,466,423	-
Fund Balance - End of Year	\$ 24,515,965	\$ 12,913,627	\$ (11,602,338)	\$ 16,975,386	\$ 4,061,759

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

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

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0437%	0.0491%	0.0402%	0.0393%	0.0391%	0.0456%	0.0446%	0.0432%	0.0415%	0.0415%
District's proportionate share of the net pension liability (asset)	\$ 29,378,806	\$ 37,394,909	\$ 27,967,304	\$ 17,882,969	\$ 37,856,551	\$ 41,156,819	\$ 40,962,948	\$ 39,966,263	\$ 33,537,341	\$ 27,965,531
State's proportionate share of the net pension liability (asset) associated with the District	13,478,804	17,910,715	17,056,658	13,259,436	26,910,878	21,804,471	22,991,514	23,686,041	20,756,543	15,969,232
Total	<u>\$ 42,857,610</u>	<u>\$ 55,305,624</u>	<u>\$ 45,023,962</u>	<u>\$ 31,142,405</u>	<u>\$ 64,767,429</u>	<u>\$ 62,961,290</u>	<u>\$ 63,954,462</u>	<u>\$ 63,652,304</u>	<u>\$ 54,293,884</u>	<u>\$ 43,934,763</u>
District's covered payroll*	\$ 28,734,251	\$ 29,520,785	\$ 25,693,889	\$ 23,089,158	\$ 24,048,380	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258	\$ 19,195,832
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	102.24%	126.67%	108.85%	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

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

San Ysidro School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,616,580	\$ 5,488,242	\$ 5,638,470	\$ 4,436,097	\$ 3,728,899	\$ 4,112,273	\$ 3,987,590	\$ 3,415,520	\$ 2,874,486	\$ 2,210,515
Contributions in relation to the contractually required contribution	(5,616,580)	(5,488,242)	(5,638,470)	(4,436,097)	(3,728,899)	(4,112,273)	(3,987,590)	(3,415,520)	(2,874,486)	(2,210,515)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll*	\$ 29,406,178	\$ 28,734,251	\$ 29,520,785	\$ 26,218,067	\$ 23,089,158	\$ 24,048,380	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

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

San Ysidro School District

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

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0677%	0.0681%	0.7120%	0.0758%	0.0744%	0.0777%	0.0791%	0.0737%	0.0673%	0.0598%
District's proportionate share of the net pension liability (asset)	\$ 24,206,604	\$ 24,666,645	\$ 24,498,580	\$ 15,407,806	\$ 22,822,992	\$ 22,644,792	\$ 21,090,817	\$ 17,598,194	\$ 13,292,253	\$ 8,815,645
District's covered payroll*	\$ 13,359,213	\$ 11,796,200	\$ 11,054,540	\$ 10,879,821	\$ 10,810,451	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	181.20%	209.11%	221.62%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

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

San Ysidro School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,379,706	\$ 3,564,238	\$ 2,992,696	\$ 2,533,413	\$ 2,252,123	\$ 2,131,929	\$ 1,964,027	\$ 1,638,040	\$ 1,314,923	\$ 965,541
Contributions in relation to the contractually required contribution	(4,379,706)	(3,564,238)	(2,992,696)	(2,533,413)	(2,252,123)	(2,131,929)	(1,964,027)	(1,638,040)	(1,314,923)	(965,541)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll*	\$ 16,191,150	\$ 13,359,213	\$ 11,796,200	\$ 11,058,110	\$ 10,879,821	\$ 10,810,451	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%

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

San Ysidro School District

Schedule of Changes in the District's Net OPEB Liability and Related Ratios – SYSD Retiree Health Plan Last Ten Fiscal Years*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability:										
Service cost	\$ 783,669	\$ 779,743	\$ 1,098,870	\$ 883,281	\$ 801,272	\$ 691,833	\$ 684,496	\$ 661,989	N/A	N/A
Interest	679,415	701,010	426,027	499,623	554,220	544,221	507,697	482,353	N/A	N/A
Experience differences	(129,932)	(15,360)	(653,904)	(563,549)	(431,806)	570,501	-	-	N/A	N/A
Changes of assumptions	(85,169)	(1,619,339)	(2,500,757)	155,411	704,854	590,377	(131,692)	-	N/A	N/A
Other	-	-	45,849	-	-	-	-	-	N/A	N/A
Benefit payments	(708,481)	(372,690)	(449,870)	(588,470)	(455,913)	(470,127)	(431,726)	(411,168)	N/A	N/A
Net change in total OPEB liability	539,502	(526,636)	(2,033,785)	386,296	1,172,627	1,926,805	628,775	733,174	N/A	N/A
Total OPEB liability - beginning	16,017,716	16,544,352	18,578,137	18,191,841	17,019,214	15,092,409	14,463,634	13,730,460	N/A	N/A
Total OPEB liability - ending	<u>\$ 16,557,218</u>	<u>\$ 16,017,716</u>	<u>\$ 16,544,352</u>	<u>\$ 18,578,137</u>	<u>\$ 18,191,841</u>	<u>\$ 17,019,214</u>	<u>\$ 15,092,409</u>	<u>\$ 14,463,634</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	66,685,619	40,292,554	37,797,450	33,919,198	33,919,198	\$ 32,931,260	\$ 30,005,000	\$ 30,005,000	N/A	N/A
Total OPEB liability as a percentage of covered payroll	24.83%	39.75%	43.77%	54.77%	53.63%	51.68%	50.30%	48.20%	N/A	N/A

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

San Ysidro School District

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

A. Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
Certificated Salaries	\$ 352,335	The District underestimated the cost of certificated salaries during budgeting.
Classified Salaries	1,782,195	The District underestimated the cost of classified salaries during budgeting.
Employee Benefits	1,874,346	The District underestimated the cost of employee benefits during budgeting.
Capital Outlay	236,954	The District underestimated the cost of capital projects during budgeting.
Debt Service	440,300	The District did not budget for leases recorded with GASB 87 or subscriptions recorded under GASB 96 as debt principal and interest.

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

San Ysidro School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

B. Schedule of District's Proportionate Share – CalSTRS

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

C. Schedule of District's Contributions – CalSTRS

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

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

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

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

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

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

San Ysidro School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

D. Schedule of District's Proportionate Share – CalPERS

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

E. Schedule of District's Contributions – CalPERS

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

Reporting Period	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	1997 - 2011	1997 - 2011	1997 - 2011	1997 - 2015	1997 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.65%	7.65%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

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

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

San Ysidro School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

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

- 1) Benefit Changes: There were no benefit changes during the 2023-24 fiscal year.
- 2) Changes in Assumptions: Changes in assumptions reflect changes due to experience studies and updates to discount rates annually.
- 3) The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.50%
2019	3.15%
2020	2.20%
2021	2.66%
2022	2.19%
2023	4.09%
2024	4.13%
2025	4.21%

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

G. Schedule of District's Contributions to OPEB Plan

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

Combining Statements as Supplementary Information

San Ysidro School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			Capital Projects Funds			Total
	Associated Student Body Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay	Nonmajor Governmental Funds
Assets							
Cash and Investments	\$ 48,837	\$ -	\$ 2,246,189	\$ 8,975,937	\$ 171,465	\$ 6,729,591	\$ 18,172,019
Accounts Receivable	-	-	1,647,872	-	-	-	1,647,872
Due from Other Funds	-	-	241,636	-	-	-	241,636
Stores Inventories	-	-	57,560	-	-	-	57,560
Total Assets	<u>\$ 48,837</u>	<u>\$ -</u>	<u>\$ 4,193,257</u>	<u>\$ 8,975,937</u>	<u>\$ 171,465</u>	<u>\$ 6,729,591</u>	<u>\$ 20,119,087</u>
Liabilities and Fund Balance:							
Liabilities:							
Accounts Payable	-	-	84,776	-	-	-	84,776
Due to Other Funds	-	-	273,224	23,464	-	-	296,688
Unearned Revenue	-	-	45,629	-	-	-	45,629
Total Liabilities	<u>-</u>	<u>-</u>	<u>403,629</u>	<u>23,464</u>	<u>-</u>	<u>-</u>	<u>427,093</u>
Fund Balance:							
Nonspendable	-	-	57,560	-	-	-	57,560
Restricted	48,837	-	3,732,068	8,952,473	171,465	6,729,591	19,634,434
Total Fund Balance	<u>48,837</u>	<u>-</u>	<u>3,789,628</u>	<u>8,952,473</u>	<u>171,465</u>	<u>6,729,591</u>	<u>19,691,994</u>
Total Liabilities and Fund Balances	<u>\$ 48,837</u>	<u>\$ -</u>	<u>\$ 4,193,257</u>	<u>\$ 8,975,937</u>	<u>\$ 171,465</u>	<u>\$ 6,729,591</u>	<u>\$ 20,119,087</u>

San Ysidro School District

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

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Associated Student Body Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay	
Revenues							
Federal Revenue	\$ -		\$ 3,223,957	\$ -	\$ -	\$ -	\$ 3,223,957
Other State Revenue	-		1,302,828	-	-	-	1,302,828
Interest Income	-		94,299	318,830	5,978	235,850	654,957
FMV Adjustment	-		32,646	143,513	2,575	101,588	280,322
Other Local Revenue	129,236		12,545	463,318	-	-	605,099
Total Revenues	<u>\$ 129,236</u>		<u>\$ 4,666,275</u>	<u>\$ 925,661</u>	<u>\$ 8,553</u>	<u>\$ 337,438</u>	<u>\$ 6,067,163</u>
Expenditures							
Current Expenditures:							
Pupil Services	-		4,077,898	-	-	-	4,077,898
Ancillary Services	118,121		-	-	-	-	118,121
General Administration	-		130,559	5,433	-	-	135,992
Plant Services	-		69,208	-	-	-	69,208
Capital Outlay	-		-	978,182	-	35,659	1,013,841
Total Expenditures	<u>118,121</u>		<u>4,277,665</u>	<u>983,615</u>	<u>-</u>	<u>35,659</u>	<u>5,415,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,115</u>		<u>388,610</u>	<u>(57,954)</u>	<u>8,553</u>	<u>301,779</u>	<u>652,103</u>
Other Financing Sources (Uses):							
Transfers In	-		239,384	-	-	-	239,384
Transfers Out	-		-	(23,464)	-	-	(23,464)
Total Other Financing Sources (Uses)	<u>-</u>		<u>239,384</u>	<u>(23,464)</u>	<u>-</u>	<u>-</u>	<u>215,920</u>
Net Change in Fund Balance	11,115		627,994	(81,418)	8,553	301,779	868,023
Fund Balance - 7/1/2024, as previously stated	37,722	876,909	3,161,634	9,033,891	162,912	6,427,812	19,700,880
Change with financial reporting entity (major to nonmajor)	-	(876,909)	-	-	-	-	(876,909)
Fund Balance - 7/1/2024, as restated	<u>37,722</u>	<u>-</u>	<u>3,161,634</u>	<u>9,033,891</u>	<u>162,912</u>	<u>6,427,812</u>	<u>18,823,971</u>
Fund Balance, 6/30/2025	<u>\$ 48,837</u>	<u>\$ -</u>	<u>\$ 3,789,628</u>	<u>\$ 8,952,473</u>	<u>\$ 171,465</u>	<u>\$ 6,729,591</u>	<u>\$ 19,691,994</u>

Other Supplementary Information

San Ysidro School District

Schedule of Average Daily Attendance For the Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Original		Original	
	C8356AAD	Revised	E3FE4519	Revised
TK/K-3				
Regular ADA	1,686.74	N/A	1,698.01	N/A
Extended Year Special Education	2.94	N/A	6.22	N/A
Special Education - NPS	2.92	N/A	2.94	N/A
Total TK/K-3	1,692.60	N/A	1,707.17	N/A
Grades 4-6				
Regular ADA	1,338.86	N/A	1,343.62	N/A
Extended Year Special Education	0.82	N/A	3.51	N/A
Special Education - NPS	1.85	N/A	0.82	N/A
Total Grades 4-6	1,341.53	N/A	1,347.95	N/A
Grades 7-8				
Regular ADA	822.07	N/A	821.69	N/A
Extended Year Special Education	-	N/A	0.20	N/A
Total Grades 7-8	822.07	N/A	821.89	N/A
Total ADA	3,856.20	N/A	3,877.01	N/A

N/A – There were no attendance findings which caused a revision in 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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

San Ysidro School District
Schedule of Instructional Time
For the Year Ended June 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	39,225	0	39,225	180	0	180	Complied
Kindergarten	36,000	50,835	0	50,835	180	0	180	Complied
1st Grade	50,400	54,810	0	54,810	180	0	180	Complied
2nd Grade	50,400	54,810	0	54,810	180	0	180	Complied
3rd Grade	50,400	54,810	0	54,810	180	0	180	Complied
4th Grade	54,000	54,810	0	54,810	180	0	180	Complied
5th Grade	54,000	54,810	0	54,810	180	0	180	Complied
6th Grade	54,000	54,810	0	54,810	180	0	180	Complied
7th Grade	54,000	55,326	0	55,326	180	0	180	Complied
8th Grade	54,000	55,326	0	55,326	180	0	180	Complied

San Ysidro School District
Schedule of Instructional Time, Continued
For the Year Ended June 30, 2025

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

- 1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
 - To pupils in Kindergarten 36,000 minutes
 - To pupils in grades 1 to 3 50,400 minutes
 - To pupils in grades 4 to 8 54,000 minutes
 - To pupils in grades 9 to 12 64,800 minutes

- 2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
 - EC §46112: Grades 1 to 3 230 minutes
 - EC §46113: Grades 4 to 8 240 minutes
 - EC §46114: Kindergarten 180 minutes
 - EC §46141: Grades 9 to 12 240 minutes

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

San Ysidro School District

Schedule of Financial Trends & Analysis

For the Year Ended June 30, 2025

<u>General Fund</u>	<u>Budget 2026 (See Note 1)</u>	<u>2025</u>	<u>2024 (See Note 1)</u>	<u>2023 (See Note 1)</u>
Revenues and Other Financing Sources	\$ 77,902,758	\$ 82,639,596	\$ 83,536,084	\$ 94,528,407
Expenditures and Other Financing Uses	<u>79,253,257</u>	<u>89,891,249</u>	<u>87,845,055</u>	<u>82,992,130</u>
Net Change in Fund Balance	<u>(1,350,499)</u>	<u>(7,251,653)</u>	<u>(4,308,971)</u>	<u>11,536,277</u>
Ending Fund Balance	<u>\$ 15,864,272</u>	<u>\$ 17,214,771</u>	<u>\$ 24,466,424</u>	<u>\$ 28,775,395</u>
Available Reserves (See Note 2)	<u>\$ 2,157,250</u>	<u>\$ 943,105</u>	<u>\$ 2,882,901</u>	<u>\$ 2,496,890</u>
Available Reserves as a Percentage of Total Outgo	<u>2.72%</u>	<u>1.05%</u>	<u>3.28%</u>	<u>3.01%</u>
Long Term Debt (See Note 3)	<u>\$ 336,401,364</u>	<u>\$ 340,754,156</u>	<u>\$ 279,452,226</u>	<u>\$ 250,089,360</u>
Average Daily Attendance at P2	<u>3,800</u>	<u>3,856</u>	<u>3,876</u>	<u>3,869</u>

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

The general fund balance has decreased by \$11,560,624 (40.18%) over the past two years. The fiscal year 2025-26 budget projects an increase of \$1,350,499 (7.85%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$90,664,796 (36.25%) over the past two years.

Average daily attendance (ADA) has decreased by 13 over the past two years.

San Ysidro School District

Schedule of Financial Trends & Analysis, Continued

For the Year Ended June 30, 2025

Notes:

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

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

2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. Long term debt consists of general obligation bonds, certificates of participation, LCFF repayment, leases payable, and subscription liabilities.

San Ysidro School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

June 30, 2025

There were no audit adjustments posted for the fiscal year ended June 30, 2025. Amounts reported on the SACS Annual Financial and Budget Report are consistent with the audited financial statements as presented.

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

San Ysidro School District
Schedule of Charter Schools
For the Year Ended June 30, 2025

As of June 30, 2025, the District has not sponsored any charter schools.

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

San Ysidro School District

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13525	\$ -	\$ 556,660
National School Lunch Program	10.555	13396	-	2,618,667
National School Lunch Program - Noncash Commodities	10.555	13396	-	48,630
Total Child Nutrition Cluster			-	3,223,957
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	1,028,010
IDEA Mental Health	84.027	15197	-	62,932
IDEA Preschool Grants (Ages 3-5)	84.173	13430	-	48,846
IDEA Preschool Grants	84.173	13431	-	445
Total Special Education (IDEA) Cluster			-	1,140,233
HEADSTART CLUSTER				
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
Head Start Program	93.600	10016	-	409,048
Total Headstart Cluster			-	409,048
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
ESSA Title I Basic	84.010	14329	-	1,870,448
ESSA Title I School Improvement	84.010	15438	-	89,683
Subtotal ESSA Title I Program			-	1,960,131
Title III English Learner Program	84.365	14346	-	333,088
Subtotal Title III Program			-	333,088

San Ysidro School District

Schedule of Expenditures of Federal Awards, Continued

For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
COVID-19: ESSER III Summer Learning	84.425	15652	-	183,387
COVID-19: ARP Homeless Children & Youth	84.425	15566	-	87,055
Subtotal COVID-19 Program			-	270,442
Education for Homeless Children & Youth	84.196	14332	-	75,730
Title II Supporting Effective Instruction	84.367	14341	-	327,268
Title IV Student Support Academic Enrichment	84.424	15396	-	140,481
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 7,880,378

San Ysidro School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule 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. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 9.15% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>AL #</u>	<u>Indirect Cost Rate</u>
Title I	84.010	6.02%
Title IV	84.424	6.62%
Child Nutrition	10.553, 10.555	5.77%

Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide programs:

<u>Program</u>	<u>AL #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 1,870,448
ESSA School Improvement Funding for LEAs	84.010	89,683

San Ysidro School District

Notes to the Schedule of Expenditures of Federal Awards, Continued
For the Year Ended June 30, 2025

Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 8,962,044
Less: Amounts representing Medi-Cal	<u>(1,081,666)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u><u>\$ 7,880,378</u></u>

Other Information

San Ysidro School District

Local Education Agency Organization Structure

June 30, 2025

The San Ysidro School District was established in 1887. The District boundaries include the City of San Ysidro and portions of the unincorporated area of San Diego County. There were no changes to the District's boundaries during the current fiscal year. The District operates one preschool, five elementary schools, and two middle schools.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Irene Lopez	President	Four Year Term Expires December 2026
Zenaida Rosario	Vice President	Four Year Term Expires December 2026
Antonio Martinez	Clerk	Four Year Term Expires December 2026
Martin Arias	Member	Four Year Term Expires December 2026
Kenia Peraza	Member	Four Year Term Expires December 2028

ADMINISTRATION

Gina A. Potter, Ed.D
Superintendent

Manuel Bojorquez
Assistant Superintendent
Educational Leadership and Pupil Services

Jose Iniguez
Assistant Superintendent
Administrative Leadership and School Support and Safety

Marilyn Adrianzen
Chief Business Official

Efrain Burciaga
Executive Director
Human Resources

Other Independent Auditors' Reports

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

To the Board of Education
San Ysidro School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Ysidro School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 19, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 & 2025-003 to be material weaknesses.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a significant deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002.

Report on Compliance and Other Matters

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

San Ysidro School District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Wilkinson Hadley King & Co. LLP".

El Cajon, California
February 19, 2026

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

To the Board of Education
San Ysidro School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co. LLP

El Cajon, California

February 19, 2026

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

To the Board of Education
San Ysidro School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

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

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

Basis for Opinion on Each Applicable State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

		Procedures Performed
<u>Local Education Agencies Other than Charter Schools</u>		
A.	Attendance.....	Yes
B.	Teacher Certification and Misassignments.....	Yes
C.	(Reserved).....	N/A
D.	Independent Study.....	No
E.	Continuation Education.....	N/A
F.	Instructional Time.....	Yes
G.	Instructional Materials.....	Yes
H.	Ratio of Administrative Employees to Teachers.....	Yes
I.	Classroom Teacher Salaries.....	Yes
J.	Early Retirement Incentive.....	N/A
K.	Gann Limit Calculation.....	Yes
L.	School Accountability Report Card.....	Yes
M.	Juvenile Court Schools.....	N/A
N.	Middle or Early College High Schools.....	N/A
O.	K-3 Grade Span Adjustment.....	Yes
P.	(Reserved).....	N/A
Q.	Apprenticeship: Related and Supplemental Instruction.....	N/A
R.	Comprehensive School Safety Plan.....	Yes
S.	District of Choice.....	N/A
TT.	Home to School Transportation Reimbursement.....	Yes

School Districts, County Offices of Education, and Charter Schools		Procedures Performed
T.	Proposition 28 Arts & 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
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	N/A
DZ.	Expanded Learning Opportunities Program (ELO-P).....	Yes
EZ.	Transitional Kindergarten.....	Yes
FZ.	Kindergarten Continuance.....	Yes

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

We did not perform procedures for Independent Study because the District’s ADA was below the materiality level as stated in the Audit Guide for testing.

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

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

Report on Internal Control over State Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hatley King & Co. LLP

El Cajon, California

February 19, 2026

Auditor's Results, Findings & Recommendations

San Ysidro School District

Schedule of Auditor's Results

For the Year Ended June 30, 2025

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified? X Yes No

One or more significant deficiencies identified that are not considered material weakness(es)? X Yes No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Compliance supplement utilized for single audit November 2025

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
84.365	Title III
10.553, 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? Yes X No

STATE AWARDS

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

San Ysidro School District

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

A. Financial Statement Findings

Finding Number: 2025-001
Repeat Finding: Yes
Description: End of Year Close
Type of Finding: Internal Control (30000)

Criteria or Specific Requirement

Determine whether the District has accounting processes and internal controls that would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis, whether due to error or fraud.

Condition

During our audit we identified the following conditions which indicate that management or employees, in the normal course of performing their assigned functions, would not be able to prevent or detect and correct misstatements on a timely basis:

- The District did not make the necessary entries to record their \$33 million refunding bond issued April 15, 2025. Part of the entries for the refunding bond also needed to include the refunded portion of the debt in the Districts payments.
- The District did not recognize all the previous changes to the cash with fiscal agent account in fund 49. The change to beginning fund balance this year is \$1,914,681.

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2025

Potential Fiscal Impact

None

Cause

Refunding bonds are used to repay existing debt and as such the funds regularly are not used by the District in the same manner as general obligation bonds. Due to this difference there was an oversight and the bond was not entered into the system.

The cash with fiscal agent account balance is automatically used to make debt payments for the certificates of participation, which the District accounts for. However, the District has not been accounting for all the activity in the accounts that could represent amounts that will be used for future debt payments.

Effect

The District is exposed to risk of material misstatements, whether due to error or fraud, that would not be detected by management or employees in the normal course of performing their duties.

Context

Internal control deficiencies were identified in multiple areas of the audit that in aggregate represent a significant deficiency to the District in the internal control processes.

Recommendation

We recommend the District take the following steps to remedy the material weaknesses in internal control:

- Establish reconciliation procedures for all balance sheet accounts on the financial statements.
- Post all audit adjusting journal entries and establish a closing process that ensures any entries made to clear SACS errors are appropriate.
- Establish review procedures over the accounting processes.

Views of Responsible Officials

See Corrective Action Plan

Finding Number: 2025-002
Repeat Finding: No
Description: Inventory Controls
Type of Finding: Internal Control (30000)

Criteria or Specific Requirement

Inventory transactions should be supported by complete and accurate documentation, and recorded amounts should agree to the underlying support to ensure the accuracy and completeness of inventory records and related financial reporting obligations.

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2025

Condition

During our testing of inventory supporting documentation, we noted the following exceptions out of a sample of 18 items tested:

- 10 items did not have supporting backup on file.
- 7 items had supporting backup that did not agree to the recorded item (e.g., quantity, description, or pricing differences).

Potential Fiscal Impact

None

Cause

Based on discussions with management and review of procedures, these exceptions appear to result from inconsistent application of existing documentation requirements and a lack of effective review over the completeness and accuracy of inventory support.

Effect

The absence of supporting documentation and lack of agreement between recorded items and backup increases the risk of:

- Misstatement of inventory balances in the financial statements.
- Undetected errors or irregularities in the recording of inventory.
- Potential misappropriation of assets going unidentified.

Context

Internal control deficiencies were identified in multiple areas of the inventory process.

Recommendation

We recommend the District take the following steps to remedy the material weaknesses in internal control:

- Formalize and communicate clear requirements that all inventory transactions must be supported by appropriate backup (e.g., purchase orders, receiving documents, count sheets), and that such documentation be retained in a centralized, easily accessible location.
- Implement a documented review process whereby an individual independent of inventory processing periodically verifies that:
 1. All sampled inventory items have supporting documentation on file.
 2. Recorded quantities, descriptions, and prices agree to the underlying backup.
- Monitor exceptions identified through this review, investigate and resolve discrepancies promptly, and track recurring issues to determine whether additional training or process changes are required.

Views of Responsible Officials

See Corrective Action Plan

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2025

Finding Number: 2025-003
Repeat Finding: No
Description: General Fund Reserves
Type of Finding: Internal Control (30000)

Criteria or Specific Requirement

California Education Code Section 42127(a)(2)(B) requires that each school district budget and maintain a reserve for economic uncertainties that meets or exceeds the minimum recommended reserve level for that fiscal year. California Code of Regulations, Title 5, Section 15443 establishes the specific minimum reserve percentages based on total General Fund expenditures and other financing uses (e.g., 3% for districts with \$5 million to less than \$25 million in such expenditures). The California School Accounting Manual (CSAM) further instructs districts, in Procedure 7700 (Fund Balance and Reserves) and Procedure 9010 (Budgeting for Reserves), to properly classify, calculate, and budget the reserve for economic uncertainties in accordance with these legal requirements.

Condition

For the year ended June 30, 2025, the District's general fund reserve for economic uncertainties fell below the minimum percentage required by the State of California. As of year-end, the District's unrestricted general fund balance designated as the reserve for economic uncertainties was approximately 1.05% of total general fund expenditures and other financing uses, compared to the minimum 3% required for a district of this size.

Potential Fiscal Impact

None

Cause

The District drew down general fund balance to support ongoing operations and one-time expenditures without implementing sufficient budgetary corrections (e.g., expenditure reductions or revenue enhancements) to maintain the reserve for economic uncertainties at or above the state-required minimum level.

Effect

Falling below the state-required reserve for economic uncertainties results in noncompliance with California Education Code Section 42127(a)(2)(B) and the minimum reserve levels prescribed in Title 5, Section 15443 of the California Code of Regulations. This condition increases the risk of:

- Cash flow and liquidity constraints during the fiscal year.
- Reduced capacity to absorb unanticipated revenue shortfalls or expenditure increases.
- Heightened state oversight and potential limits on local budgetary flexibility.

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2025

Recommendation

- Develop and adopt a multi-year fiscal recovery plan to restore the general fund reserve for economic uncertainties to at least the minimum percentage required under California Code of Regulations, Title 5, Section 15443, consistent with the budgeting guidance in CSAM Procedures 7700 and 9010.
- Strengthen budgetary controls to align ongoing expenditures with sustainable revenues, including consideration of program adjustments, cost containment measures, and revenue enhancements as necessary to rebuild the reserve.
- Implement periodic (e.g., quarterly) monitoring and reporting to the Board of Trustees of projected year-end reserve levels, with explicit comparison to the minimum required reserve under Education Code Section 42127(a)(2)(B) and CCR Title 5, Section 15443, to ensure continued compliance going forward.

Views of Responsible Officials

See Corrective Action Plan

B. Federal Awards

None

C. State Award Findings

None



San Ysidro
School District **EST - 1887**
QUALITY EDUCATION AND OPPORTUNITY FOR ALL STUDENTS TO SUCCEED

Marilyn Adrianzen
Chief Business Official

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(619) 428-4476 Ext. 3004
Marilyn.Adrianzen@sysdschools.org

February 19, 2026

To Whom it May Concern:

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

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

Sincerely,

Marilyn Adrianzen
Chief Business Official
Business Support Services

San Ysidro School District

Corrective Action Plan

For the Year Ended June 30, 2025

Financial Statement Finding

Finding Number: 2025-001
Program Name: Year End Close
Contact Person: Marilyn Adrianzen, Chief Business Official
Amber Sances, Business Services Technician
Anticipated Completion Date: June 30, 2026

Planned Corrective Action: The District will establish a reconciliation process for all balance sheet accounts on the financial statements and ensure that this reconciliation is done in a timely manner prior to the year-end close process begins. The district will also post adjusting journal entries that are appropriate. Additionally, the district will establish and review procedures over the accounting processes.

Finding Number: 2025-002
Program Name: Inventory Controls
Contact Person: Marilyn Adrianzen, Chief Business Official
Amber Sances, Business Services Technician
Ana Bush CNS Production Coordinator
Anticipated Completion Date: June 30, 2026

Planned Corrective Action: The District will ensure that all inventory transactions are supported by appropriate backup (e.g., purchase orders, receiving documents, count sheets), and that such documentation be retained in a centralized, easily accessible location. Additionally, the district's child nutrition services (CNS) department will implement a document review process whereby an individual independent of inventory processing periodically verifies that all sampled inventory items have supporting documentation on file and recorded quantities, descriptions, and prices agree to the underlying backup. CNS department will monitor exceptions identified through this review, investigate and resolve discrepancies promptly, and track recurring issues to determine whether additional training or process changes are required.

San Ysidro School District

Corrective Action Plan, Continued

For the Year Ended June 30, 2025

Finding Number: 2025-002
Program Name: Inventory Controls
Contact Person: Marilyn Adrianzen, Chief Business Official
Anticipated Completion Date: June 30, 2026

Planned Corrective Action: The district has developed and the board has approved the 2026-27 Budget Reduction Plan in the amount of \$4.8 million. This budget reduction plan will rebuild the General Fund Reserve for Economic Uncertainties beginning in the 2026–27 fiscal year.

The district will maintain prudent budgetary controls to ensure that ongoing expenditures are aligned with sustainable revenues. This will include evaluating program adjustments, implementing cost-containment strategies, and pursuing revenue enhancements as necessary to restore and strengthen the reserve. Additionally, the district will conduct regular monitoring of projected year-end reserve levels and provide periodic reports to the Board of Trustees. This report will include a comparison of projected reserves to the minimum required reserve under Education Code Section 42127(a)(2)(B) and CCR Title 5, Section 15443, to ensure continued compliance going forward.

San Ysidro School District

Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2025

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2024-001 Year End Close <u>Condition</u> During the review of accounts at the end of the year there were multiple adjustments required during the audit for refunding bonds and for retirement expenditures. <u>Recommendation</u> Make the entries to correct the numbers in the District's financials and cross train employees to ensure that even if someone is out for any reason the necessary accounting practices can still be maintained.	Partially Implemented	See current year finding
Finding 2024-002 Payroll Controls <u>Condition</u> During the review of payroll documentation discrepancies were discovered between actual hours worked by and hours reported. <u>Recommendation</u> The District should implement internal audit guidelines over payroll for randomized spot checks throughout the year in order to ensure policies and procedures are being followed District-wide.	Implemented	