



**2024 / 2025**

# Continuing Disclosure Annual Report

*Fiscal Year Ending June 30, 2025*

*Submitted January 31, 2026*

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**Lake Elsinore  
Unified School District  
Improvement Area No. A of  
Community Facilities District No. 2006-2  
Series 2021 Special Tax Refunding Bonds**



A division of California Financial Services

**\$11,755,000**

**Lake Elsinore Unified School District  
Improvement Area No. A of Community Facilities District No. 2006-2  
Series 2021 Special Tax Refunding Bonds**

**MATURITY DATE**

**CUSIP\***

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**Current Interest Term Bonds**

09/01/2044

NA

[1] Private Placement, therefore there are no CUSIPs associated with this issuance.

*\*CUSIP® is a registered trademark of the American Bankers Association.*

# List of Participants

## **Issuer**

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Community Facilities District No. 2006-2  
Lake Elsinore Unified School District  
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## **Special Tax Administrator**

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## **Fiscal Agent**

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# I. Introduction

This Annual Report (“Report”) has been prepared pursuant to Section 5.03(a) of the Fiscal Agent Agreement regarding the Ongoing Information Provided to Owner(s) (“Disclosure Covenant”) executed in connection with the issuance of the following debt:

- Series 2021 Special Tax Refunding Bonds of Improvement Area No. A of Community Facilities District No. 2006-2 (CFD No. 2006-2 IA A) issued on August 25, 2021, in the par amount of \$11,755,000 (“Bonds”).

Under the Disclosure Covenant, the Lake Elsinore Unified School District (“School District”) has agreed to annually provide certain information related to the security of the Bonds. This Report has been prepared by KeyAnalytics at the direction of the School District to provide the required information.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representation of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or Community Facilities District (“CFD”) No. 2006-2 IA A since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given to them in the respective financing documents.

If there are any questions regarding the information provided herein, please contact KeyAnalytics at (949) 282-1077.

## II. Audited Financial Statements

CFD No. 2006-2 IA A does not prepare Audited Financial Statements. As of the date of this Report, the Governing Board of the Lake Elsinore Unified School District (the “Board”) has approved the final Audited Financial Statements for the Fiscal Year ending June 30, 2025. The Audited Financial Statements are attached to this report as Exhibit A.

# III. Special Taxes

CFD No. 2006-2 IA A has covenanted to annually levy the Special Tax in accordance with the Rate and Method of Apportionment (“RMA”), attached as Exhibit B, so long as the Bonds are outstanding. The items below summarize information required by the Disclosure Covenant.

## A. Changes to the Rate and Method of Apportionment

There have been no changes to the RMA since the date of the closing of the Bonds.

## B. Special Tax Prepayments

There has been no prepayment of the Special Tax since the date of the closing of the Bonds.

## C. Summary of Special Tax

A summary of the Fiscal Year 2025/2026 Assigned Special Tax levy is outlined below. The Assigned Special Tax was enrolled with the County of Riverside Tax Collector for Fiscal Year 2025/2026.

**Fiscal Year 2025/2026  
Special Tax by Tax Rate Category**

| Tax Class/<br>Land Use      | Sq. Footage                    | Number of<br>Units/Acres/<br>Lots | Assigned Annual<br>Special Tax Rate | Total Assigned<br>Annual Special<br>Taxes |
|-----------------------------|--------------------------------|-----------------------------------|-------------------------------------|---|
| 1                           | < 2,150 Sq. Ft.                | 256 Units                         | \$1,041.58 Per Unit                 | \$266,644.48                              |
| 2                           | 2,150 Sq. Ft. to 2,449 Sq. Ft. | 98 Units                          | \$1,260.52 Per Unit                 | 123,530.96                                |
| 3                           | 2,450 Sq. Ft. to 2,749 Sq. Ft. | 74 Units                          | \$1,370.18 Per Unit                 | 101,393.32                                |
| 4                           | 2,750 Sq. Ft. to 3,049 Sq. Ft. | 73 Units                          | \$1,590.24 Per Unit                 | 116,087.52                                |
| 5                           | 3,050 Sq. Ft. to 3,349 Sq. Ft. | 36 Units                          | \$1,700.10 Per Unit                 | 61,203.60                                 |
| 6                           | 3,350 Sq. Ft. to 3,649 Sq. Ft. | 4 Units                           | \$1,975.32 Per Unit                 | 7,901.28                                  |
| 7                           | > 3,649 Sq. Ft.                | 6 Units                           | \$2,029.32 Per Unit                 | 12,175.92                                 |
| <b>Developed Property</b>   |                                | <b>547 Units</b>                  | <b>NA</b>                           | <b>\$688,937.08</b>                       |
| <b>Undeveloped Property</b> |                                | <b>0.00 Acres</b>                 | <b>\$0.00 Per Acre</b>              | <b>\$0.00</b>                             |
| <b>Total</b>                |                                | <b>547 Units</b>                  |                                     | <b>\$688,937.08</b>                       |

## D. Special Tax Collections

Delinquent Special Taxes for CFD No. 2006-2 IA A, as of June 30, 2025, for Fiscal Year 2024/2025 and prior Fiscal Years are summarized in the table below. There are no property owners who are delinquent in the payment of Special Taxes representing more than 10% of the Special Tax levy.

### Special Tax Levies and Collections

| Fiscal Year | Subject Fiscal Year   |                    |                  |                   |                  | June 30, 2025               |                            |
|-------------|-----------------------|--------------------|------------------|-------------------|------------------|-----------------------------|----------------------------|
|             | Aggregate Special Tax | Parcels Delinquent | Amount Collected | Amount Delinquent | Delinquency Rate | Remaining Amount Delinquent | Remaining Delinquency Rate |
| 2017/2018   | \$536,420.40          | 3                  | \$534,805.91     | \$1,614.49        | 0.30%            | \$0.00                      | 0.00%                      |
| 2018/2019   | 591,884.62            | 6                  | 586,276.04       | 5,608.58          | 0.95%            | 0.00                        | 0.13%                      |
| 2019/2020   | 603,725.94            | 13                 | 592,723.14       | 11,002.80         | 1.82%            | 0.00                        | 0.20%                      |
| 2020/2021   | 623,200.90            | 3                  | 620,146.02       | 3,054.88          | 0.49%            | 1,534.84                    | 0.25%                      |
| 2021/2022   | 635,663.04            | 18                 | 619,202.15       | 16,460.89         | 2.59%            | 1,565.54                    | 0.25%                      |
| 2022/2023   | 648,379.40            | 5                  | 643,755.42       | 4,623.98          | 0.71%            | 1,596.88                    | 0.25%                      |
| 2023/2024   | 662,183.78            | 6                  | 658,304.93       | 3,878.85          | 0.59%            | 1,760.57                    | 0.27%                      |
| 2024/2025   | 675,424.82            | 9                  | 667,325.03       | 8,099.79          | 1.20%            | 8,099.79                    | 1.20%                      |

## E. Foreclosure Update

CFD No. 2006-2 IA A has covenanted that they will commence judicial foreclosure proceedings against (i) any single parcel with aggregate delinquent Special Taxes in the amount of five (5) semi-annual installments (ii) any single parcel under common ownership with aggregate delinquent Special Taxes in the amount of \$15,000 or more by the September 29th following the close of each Fiscal Year in which such Special Taxes were due. Additionally, CFD No. 2006-2 IA A and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the September 29th following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; however foreclosure proceeding may be deferred for this requirement if the Reserve Fund is fully funded and the Debt Service can be paid.

After reviewing the level of delinquencies within IA A of CFD No. 2006-2 I, as of June 30, 2025, it was determined that one (1) parcel has exceeded the

Individual Foreclosure threshold five (5) semi-annual installments for Fiscal Year 2024/2025. Pursuant to the Foreclosure Covenant in the Fiscal Agent Agreement, IA A of CFD No. 2006-2 is not required to order, or take action upon, the commencement of foreclosure proceedings if this delinquency did not result in a draw on the Reserve Fund. IA A of CFD No. 2006-2 was not required to draw on the Reserve Fund for debt service payments due to this delinquency. KeyAnalytics will continue to monitor these delinquencies.

## IV. Assessed Value and Land Secured Bonded Indebtedness

The items below summarize information required by the Disclosure Covenant regarding outstanding debt and Assessed Valuations.

### A. Principal Amount of Bonds Outstanding

The outstanding principal amount of the Bonds as of December 31, 2025, was \$10,295,000. No parity bonds have been issued by CFD No. 2006-2 IA A as of the date of this Report.

### B. Debt Service Schedule

The current debt service schedule of the Bonds is attached as Exhibit C.

### C. Assessed Value

A summary of the assessed values, based on the Fiscal Year 2025/2026 equalized tax roll of the County of Riverside, of the property within CFD No. 2006-2 IA A is shown in the table below.

**Fiscal Year 2025/2026  
Assessed Value <sup>[1]</sup>**

| Tax Class/<br>Land Use | Sq. Footage                    | Number of<br>Units/Acres | Assessed Value<br>Land | Assessed Value<br>Improvement | Assessed Value<br>Other | Assessed Value<br>Total |
|------------------------|--------------------------------|--------------------------|------------------------|-------------------------------|-------------------------|-------------------------|
| 1                      | < 2,150 Sq. Ft.                | 256                      | \$22,967,424           | \$87,112,660                  | \$0                     | \$110,080,084           |
| 2                      | 2,150 Sq. Ft. to 2,449 Sq. Ft. | 98                       | 8,381,022              | 35,283,442                    | 0                       | 43,664,464              |
| 3                      | 2,450 Sq. Ft. to 2,749 Sq. Ft. | 74                       | 6,549,046              | 28,935,068                    | 0                       | 35,484,114              |
| 4                      | 2,750 Sq. Ft. to 3,049 Sq. Ft. | 73                       | 6,017,030              | 30,986,439                    | 0                       | 37,003,469              |
| 5                      | 3,050 Sq. Ft. to 3,349 Sq. Ft. | 36                       | 2,847,250              | 14,837,871                    | 0                       | 17,685,121              |
| 6                      | 3,350 Sq. Ft. to 3,649 Sq. Ft. | 4                        | 324,352                | 1,809,677                     | 0                       | 2,134,029               |
| 7                      | > 3,649 Sq. Ft.                | 6                        | 706,296                | 2,754,481                     | 0                       | 3,460,777               |
| <b>Total</b>           |                                | <b>547</b>               | <b>\$47,792,420</b>    | <b>\$201,719,638</b>          | <b>\$0</b>              | <b>\$249,512,058</b>    |

[1] Total Assessed Value as represented by the Fiscal Year 2025/2026 equalized tax roll of the County of Riverside

## D. Value to Lien

A summary of the value-to-lien ratios for CFD No. 2006-2 IA A is found in the table below.

### Fiscal Year 2025/2026 Secured Assessed Valuation to Lien

| Tax Class/<br>Land Use | Sq. Footage                    | No. of Parcels<br>Taxed | Assessed Value <sup>[1]</sup> | 2019 Special Tax<br>Bonds | Value-to-Lien<br>Ratio | Fiscal Year<br>2025/2026<br>Special Tax | Percentage Share<br>of Special Tax |
|------------------------|--------------------------------|-------------------------|-------------------------------|---------------------------|------------------------|---|------------------------------------|
| 1                      | < 2,150 Sq. Ft.                | 256                     | \$110,080,084.00              | \$3,984,550.99            | 27.63:1                | \$266,644.48                            | 38.70%                             |
| 2                      | 2,150 Sq. Ft. to 2,449 Sq. Ft. | 98                      | 43,664,464.00                 | 1,845,961.37              | 23.65:1                | 123,530.96                              | 17.93%                             |
| 3                      | 2,450 Sq. Ft. to 2,749 Sq. Ft. | 74                      | 35,484,114.00                 | 1,515,151.76              | 23.42:1                | 101,393.32                              | 14.72%                             |
| 4                      | 2,750 Sq. Ft. to 3,049 Sq. Ft. | 73                      | 37,003,469.00                 | 1,734,731.74              | 21.33:1                | 116,087.52                              | 16.85%                             |
| 5                      | 3,050 Sq. Ft. to 3,349 Sq. Ft. | 36                      | 17,685,121.00                 | 914,584.34                | 19.34:1                | 61,203.60                               | 8.88%                              |
| 6                      | 3,350 Sq. Ft. to 3,649 Sq. Ft. | 4                       | 2,134,029.00                  | 118,071.27                | 18.07:1                | 7,901.28                                | 1.15%                              |
| 7                      | > 3,649 Sq. Ft.                | 6                       | 3,460,777.00                  | 181,948.54                | 19.02:1                | 12,175.92                               | 1.77%                              |
| <b>Total</b>           |                                | <b>547</b>              | <b>\$249,512,058.00</b>       | <b>\$10,295,000.00</b>    | <b>24.24:1</b>         | <b>\$688,937.08</b>                     | <b>100.00%</b>                     |

[1] Total Assessed Value as represented by the Fiscal Year 2025/2026 equalized tax roll of the County of Riverside.

# V. Reports and Additional Information

Below is information regarding the Bonds as required by the Disclosure Covenant.

## A. Report to the California Debt and Investment Advisory Commission

A copy of the Yearly Fiscal Status Report filed to the California Debt and Investment Advisory Commission (“CDIAC”) filed on or before October 30, 2025, and the Annual Debt and Transparency Reports filed to CDIAC on or before January 31, 2026, are also attached as Exhibit D.

## B. Listed Events

Pursuant to the Disclosure Covenant, CFD No. 2006-2 IA A shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) Any material litigation (exclusive of civil litigation with the scope of applicable insurance policies) or governmental proceeding which may have an impact on the District’s financial position and/or receipt or collection of Special Taxes;
- (ii) Any delinquency in the payment of Special Taxes by a property owner within the District responsible for more than 10% of the aggregate Special Tax Levy;
- (iii) Any default by the District on any obligations which may have an impact on the District’s ability to pay principal and interest on the Series 2021 Special Tax Refunding Bonds.

None of these events occurred in Fiscal Year 2024/2025.

## **C. Additional Information**

Pursuant to the Disclosure Covenant the School District shall provide further information, if any, as may be necessary to make the specifically required statements, considering the circumstances under which they are made, not misleading.

After a thorough review, the School District has determined that no additional information is needed for Fiscal Year 2024/2025.

[https://calschools.sharepoint.com/CFS/UNREGULATED/Lake Elsinore/Developer Revenue/CFD Admin/CFD No. 2006-2 IA A/FY 2024-25/Cont Disc/LEUSD CFD 2006-2 IA A\\_FY202425\\_ContDisc\\_D1.docx](https://calschools.sharepoint.com/CFS/UNREGULATED/Lake%20Elsinore/Developer%20Revenue/CFD%20Admin/CFD%20No.%202006-2%20IA%20A/FY%202024-25/Cont%20Disc/LEUSD%20CFD%202006-2%20IA%20A_FY202425_ContDisc_D1.docx)

# Exhibit A

**Audited Financial Statement for  
Fiscal Year 2024/2025  
Improvement Area No. A of  
Community Facilities District No. 2006-2**

Financial Statements  
June 30, 2025

# Lake Elsinore Unified School District

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## Independent Auditor's Report

To the Governing Board  
Lake Elsinore Unified School District  
Lake Elsinore, California

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Adoption of New Accounting Standard*

As discussed in Note 19 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Esde Sully LLP".

Rancho Cucamonga, California  
December 4, 2025



# LAKE ELSINORE UNIFIED SCHOOL DISTRICT

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

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

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

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

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

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

The Primary unit of the government is the Lake Elsinore Unified School District.

#### Board of Trustees

April Purkiss, Area 1 • Mike Pacheco, Area 2 • Heidi Matthies Dodd, Area 3 • Juan I. Saucedo, Area 4 • Jill Leonard, Area 5

#### Superintendent

Ryan Lewis, Ed.D.

## REPORTING THE DISTRICT AS A WHOLE

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

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

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

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

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

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

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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

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

## **THE DISTRICT AS TRUSTEE**

### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for funds held on behalf of others, such as our funds for community facility district (CFD) activities. The District's fiduciary activities are reported in Fiduciary Funds Financial Statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$422,596,922 for the fiscal year ended June 30, 2025. Of this amount, \$(81,103,988) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and changes in net position (Table 2) of the District's activities.

**Table 1**

|                                  | Governmental Activities |                |
|----------------------------------|-------------------------|----------------|
|                                  | 2025                    | 2024*          |
| Assets                           |                         |                |
| Current and other assets         | \$ 402,063,627          | \$ 325,842,651 |
| Receivable - long term           | 35,685,000              | 37,535,000     |
| Capital assets                   | 418,538,967             | 410,708,649    |
| Total assets                     | 856,287,594             | 774,086,300    |
| Deferred Outflows of Resources   | 89,138,656              | 95,708,133     |
| Liabilities                      |                         |                |
| Current liabilities              | 48,316,336              | 20,672,484     |
| Long-term liabilities            | 436,261,196             | 427,621,591    |
| Total liabilities                | 484,577,532             | 448,294,075    |
| Deferred Inflows of Resources    | 38,251,796              | 21,840,461     |
| Net Position                     |                         |                |
| Net investment in capital assets | 366,560,832             | 361,812,933    |
| Restricted                       | 137,140,078             | 130,579,379    |
| Unrestricted (deficit)           | (81,103,988)            | (92,732,415)   |
| Total net position               | \$ 422,596,922          | \$ 399,659,897 |

\* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 19 for further information.

The \$(81,103,988) in unrestricted (deficit) net position represents the accumulated results of all past years' operations. Unrestricted net (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 12.5% (\$(81,103,988) compared to \$(92,732,415)).

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 17. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

|                                      | Governmental Activities |               |
|--------------------------------------|-------------------------|---------------|
|                                      | 2025                    | 2024*         |
| Revenues                             |                         |               |
| Program revenues                     |                         |               |
| Charges for services and sales       | \$ 5,494,384            | \$ 3,857,127  |
| Operating grants and contributions   | 118,999,030             | 142,249,832   |
| Capital grants and contributions     | -                       | 1,799         |
| General revenues                     |                         |               |
| Federal and State aid not restricted | 225,325,776             | 240,682,713   |
| Property taxes                       | 67,772,834              | 59,798,246    |
| Other general revenues               | 19,199,073              | 10,420,307    |
| Total revenues                       | 436,791,097             | 457,010,024   |
| Expenses                             |                         |               |
| Instruction-related                  | 266,052,799             | 269,900,700   |
| Pupil services                       | 43,890,825              | 43,891,153    |
| Administration                       | 20,858,727              | 20,684,356    |
| Plant services                       | 46,854,691              | 41,496,255    |
| All other services                   | 11,275,011              | 11,327,902    |
| Total expenses                       | 388,932,053             | 387,300,366   |
| Change in net position               | \$ 47,859,044           | \$ 69,709,658 |

\* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 19 for further information.

**Governmental Activities**

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities this year was \$388,932,053. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$67,772,834 because the cost was paid by those who benefited from the programs (\$5,494,384) or by other governments and organizations who subsidized certain programs with grants and contributions (\$118,999,030). The District paid for the remaining "public benefit" portion of our governmental activities with \$244,524,849 in Federal and State funds and with other revenues, like interest and general entitlements.

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

**Table 3**

|                     | Total Cost of Services |                       | Net Cost of Services    |                         |
|---------------------|------------------------|-----------------------|-------------------------|-------------------------|
|                     | 2025                   | 2024*                 | 2025                    | 2024*                   |
| Instruction-related | \$ 266,052,799         | \$ 269,900,700        | \$ (196,994,109)        | \$ (184,012,116)        |
| Pupil services      | 43,890,825             | 43,891,153            | (12,731,592)            | (17,560,850)            |
| Administration      | 20,858,727             | 20,684,356            | (17,289,051)            | (15,343,532)            |
| Plant services      | 46,854,691             | 41,496,255            | (35,724,905)            | (29,755,137)            |
| All other services  | 11,275,011             | 11,327,902            | (1,698,982)             | 5,480,027               |
| <b>Total</b>        | <b>\$ 388,932,053</b>  | <b>\$ 387,300,366</b> | <b>\$ (264,438,639)</b> | <b>\$ (241,191,608)</b> |

\* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 19 for further information.

**THE DISTRICT'S FUNDS**

As the District completed this fiscal year, the governmental funds reported a combined fund balance of \$328,738,421, which is an increase of \$49,046,395.

**Table 4**

| Governmental Fund                                   | Balances and Activity |  |   |                       |
|---|-----------------------|--|---|-----------------------|
|   | July 1, 2024          | Revenues and<br>Other Financing<br>Sources | Expenditures<br>and Other<br>Financing Uses | June 30, 2025         |
| General Fund  | \$ 193,251,691        | \$ 397,888,085                             | \$ 386,503,476                              | \$ 204,636,300        |
| Building Fund                                       | 15,357,899            | 30,903,044                                 | 6,220,255                                   | 40,040,688            |
| Student Activity Fund                               | 1,352,911             | 2,135,239                                  | 2,053,641                                   | 1,434,509             |
| Adult Education Fund                                | 810,531               | 1,827,793                                  | 1,858,184                                   | 780,140               |
| Child Development Fund                              | 1,205,868             | 7,201,647                                  | 6,920,841                                   | 1,486,674             |
| Cafeteria Fund                                      | 19,214,563            | 19,392,566                                 | 15,488,484                                  | 23,118,645            |
| Capital Facilities Fund                             | 8,393,342             | 5,998,812                                  | 2,186,705                                   | 12,205,449            |
| County School Facilities Fund                       | 8,546                 | 12,151                                     | -   | 20,697                |
| Special Reserve Fund for Capital<br>Outlay Projects | 17,683,414            | 1,790,981                                  | 1,151,957                                   | 18,322,438            |
| Capital Project Fund for Blended<br>Component Units | 7,431,536             | 412,512                                    | 720,441                                     | 7,123,607             |
| Bond Interest and Redemption Fund                   | 5,936,235             | 5,782,414                                  | 2,756,040                                   | 8,962,609             |
| Debt Service Fund for Blended<br>Component Units    | 9,045,490             | 5,628,573                                  | 4,067,398                                   | 10,606,665            |
| Total   | <u>\$ 279,692,026</u> | <u>\$ 478,973,817</u>                      | <u>\$ 429,927,422</u>                       | <u>\$ 328,738,421</u> |

Under District terminology, the term "General Fund" is used to indicate the unrestricted and restricted funds of the District. However, the California State Accounting Manual, upon which this report is based, used the term "General Fund" in a different way. The State definition of a General Fund includes numerous funds, which are not available for the District's discretionary use.

- a. The fund balance in the District's General Fund increase is the result of increased revenues exceeding an increase in expenditures.
- b. The fund balance in the Building Fund increase is the result of the sale of issuance A from Measure T.
- c. The fund balance in the Cafeteria Fund increase is the result of increased revenues exceeding an increase in expenditures.
- d. The fund balance in the Capital Facilities Fund increase is the result of increased developer fees received.

- e. The fund balance in the Special Reserve Fund for Capital Outlay Projects increase is the result of an increase in revenues exceeding the expense of the completion of various projects.
- f. The Capital Project Fund for Blended Component Units decreased due to the net impact of the issuance of CFD(s) as well as the completion of a variety of capital projects.
- g. The Bond Interest and Redemption Fund fund increase is the result of increased revenues exceeding an increase in expenditures due to bond issuance.
- h. The Child Development, Student Activity Fund, Adult Education Fund, the County School Facilities Fund, the Bond Interest and Redemption Fund, and the Debt Service Fund for Blended Component Units remained relatively stable with minimal activity.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 72.)

- When "on behalf" payments are excluded, revenue revisions made to the 2024-2025 Budget were due to an increase in the receipt of LCFF funding, State mandated block grant funds, as well as increases in carryover, ongoing, and one-time State and Federal grants and programs such as Expanded Learning, Pandemic, and Learning Recovery funds.
- Unrestricted budgeted salary and benefit expenditures, when excluding "on behalf" payments and adjusting for increases due to increased compensation, staffing, STRS, PERS and Workers' Compensation rate increases remained stable and consistent when comparing the final budget to actual expenditures. Variance in budgeted salary and benefit expenditures occurred due to vacancies of budgeted positions and unspent restricted funds caused by changes in plans. Funds will be utilized in subsequent fiscal years.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

At June 30, 2025, the District had \$418,538,967 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, buildings and land improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase of (including additions, deductions, depreciation, and amortization expenses) \$7,830,318, or 1.9%, from last year.

**Table 5**

|                                     | Governmental Activities |                |
|-------------------------------------|-------------------------|----------------|
|                                     | 2025                    | 2024           |
| Land and construction in progress   | \$ 47,154,629           | \$ 41,739,602  |
| Buildings and improvements          | 338,962,119             | 350,902,233    |
| Furniture and equipment             | 27,011,375              | 16,525,090     |
| Right-to-use leased assets          | 2,570,149               | 1,144,104      |
| Right-to-use subscription IT assets | 2,840,695               | 397,620        |
| Total                               | \$ 418,538,967          | \$ 410,708,649 |

Detailed information about the District's capital assets is reflected in Note 6 to the financial statements.

**Long-Term Liabilities**

At the end of this year, the District had \$436,261,196 long-term liabilities versus \$427,621,591 last year, an increase of \$8,639,605, or 2.0%.

**Table 6**

|  | Governmental Activities |                       |
|--|-------------------------|-----------------------|
|  | 2025                    | 2024*                 |
| Long-Term Liabilities                          |                         |                       |
| General obligation bonds                       | \$ 91,520,000           | \$ 62,005,000         |
| Lake Elsinore School Financing Authority bonds | 42,750,000              | 44,735,000            |
| Unamortized debt premiums                      | 8,975,108               | 7,766,857             |
| Finance purchase agreements                    | -                       | 544,548               |
| Leases   | 2,701,901               | 1,311,937             |
| Subscription-based IT arrangements             | 329,726                 | 363,518               |
| Compensated absences                           | 25,787,096              | 1,529,788             |
| Claims liability                               | 8,127,000               | 7,128,000             |
| Other postemployment benefit (OPEB) liability  | 21,593,774              | 35,333,386            |
| Aggregate net pension liability                | <u>234,476,591</u>      | <u>266,903,557</u>    |
| Total  | <u>\$ 436,261,196</u>   | <u>\$ 427,621,591</u> |

\* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 19 for further information.

More detailed information regarding our long-term liabilities is presented in Notes 11, 12 and 16 of the Financial Statements.

**SIGNIFICANT EVENTS OF FISCAL YEAR 20-2025 ARE NOTED BELOW:**

The District's P2 average daily attendance (ADA) decreased from 19,217.08 (2023-2024) to 19,053.29 in 2024-2025.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the District's budget for the 2025-2026 year, the District's Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are as follows:

1. Local Control Funding Formula (LCFF), Expanded Learning Opportunity Program funds, one-time funds and ongoing funding.
2. Enrollment projections, Average Daily Attendance, and Unduplicated Pupil Counts.
3. Developer fees and CFD collections are based on approximate new housing units to be constructed.

Expenditures are based on the following estimated forecasts:

|                           | Staffing Ratio | Regular Enrollment |
|---------------------------|----------------|--------------------|
| Grades TK through third   | 24:1           | 6,168              |
| Grades four through five  | 33:1           | 3,083              |
| Grades six through twelve | 36:1           | 11,308             |

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Fiscal Support Services Office, Julie Edmunds, at Lake Elsinore Unified School District, 545 Chaney Street, Lake Elsinore, California 92530.

Lake Elsinore Unified School District  
Statement of Net Position  
June 30, 2025

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>  |                            |
| Deposits and investments   | \$ 374,183,027             |
| Receivables  | 27,094,259                 |
| Stores inventories   | 757,057                    |
| Lease receivable   | 29,284                     |
| Receivables - long term  | 35,685,000                 |
| Capital assets not depreciated or amortized                                  | 47,154,629                 |
| Capital assets, net of accumulated depreciation and amortization             | 371,384,338                |
| Total assets   | 856,287,594                |
| <b>Deferred Outflows of Resources</b>  |                            |
| Deferred charge on refunding   | 283,116                    |
| Deferred outflows of resources related to OPEB                               | 1,813,496                  |
| Deferred outflows of resources related to pensions                           | 87,042,044                 |
| Total deferred outflows of resources   | 89,138,656                 |
| <b>Liabilities</b>   |                            |
| Accounts payable   | 44,277,812                 |
| Interest payable   | 1,586,223                  |
| Unearned revenue   | 2,452,301                  |
| Long-term liabilities  |                            |
| Long-term liabilities other than OPEB and pensions due within one year       | 13,333,555                 |
| OPEB liability due within one year   | 1,696,137                  |
| Long-term liabilities other than OPEB and pensions due in more than one year | 166,857,276                |
| Other postemployment benefits (OPEB) liability due in more than one year     | 19,897,637                 |
| Aggregate net pension liability  | 234,476,591                |
| Total liabilities  | 484,577,532                |
| <b>Deferred Inflows of Resources</b>   |                            |
| Deferred inflows of resources related to OPEB                                | 11,722,158                 |
| Deferred inflows of resources related to pensions                            | 26,500,354                 |
| Deferred inflows of resources related to leases                              | 29,284                     |
| Total deferred inflows of resources  | 38,251,796                 |
| <b>Net Position</b>  |                            |
| Net investment in capital assets   | 366,560,832                |
| Restricted for   |                            |
| Debt service   | 6,816,862                  |
| Capital projects   | 12,250,631                 |
| Educational programs   | 72,937,625                 |
| Self-insurance   | 18,438,809                 |
| Other activities   | 26,696,151                 |
| Unrestricted (deficit)   | (81,103,988)               |
| Total net position   | \$ 422,596,922             |

Lake Elsinore Unified School District  
Statement of Activities  
Year Ended June 30, 2025

| Functions/Programs   | Expenses              | Program Revenues                     |  | Net (Expenses)                             |
|--|-----------------------|--------------------------------------|--|--|
|  |                       | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Revenues and<br>Changes in<br>Net Position |
|  |                       |                                      |  | Governmental<br>Activities                 |
| <b>Governmental Activities</b>                                     |                       |                                      |  |  |
| Instruction  | \$ 219,966,785        | \$ 229,355                           | \$ 59,571,778                            | \$ (160,165,652)                           |
| Instruction-related activities                                     |                       |                                      |  |  |
| Supervision of instruction   | 15,076,390            | 37,764                               | 7,838,414                                | (7,200,212)                                |
| Instructional library, media,<br>and technology                    | 1,504,261             | -                                    | 9,699                                    | (1,494,562)                                |
| School site administration   | 29,505,363            | -                                    | 1,371,680                                | (28,133,683)                               |
| Pupil services   |                       |                                      |  |  |
| Home-to-school transportation                                      | 7,056,589             | -                                    | 7,026,197                                | (30,392)                                   |
| Food services  | 15,061,801            | 187,980                              | 18,514,054                               | 3,640,233                                  |
| All other pupil services   | 21,772,435            | 68,915                               | 5,362,087                                | (16,341,433)                               |
| Administration   |                       |                                      |  |  |
| Data processing  | 4,668,685             | -                                    | 156,492                                  | (4,512,193)                                |
| All other administration   | 16,190,042            | 295,186                              | 3,117,998                                | (12,776,858)                               |
| Plant services   | 46,854,691            | 2,442,254                            | 8,687,532                                | (35,724,905)                               |
| Ancillary services   | 5,336,962             | -                                    | 2,179,960                                | (3,157,002)                                |
| Community services   | 1,061,829             | 80,714                               | 602,755                                  | (378,360)                                  |
| Enterprise services  | (8,804)               | -                                    | -  | 8,804                                      |
| Interest on long-term liabilities                                  | 4,628,083             | -                                    | -  | (4,628,083)                                |
| Other outgo  | 256,941               | 2,152,216                            | 4,560,384                                | 6,455,659                                  |
| <b>Total governmental activities</b>                               | <b>\$ 388,932,053</b> | <b>\$ 5,494,384</b>                  | <b>\$ 118,999,030</b>                    | <b>(264,438,639)</b>                       |
| <b>General Revenues and Subventions</b>                            |                       |                                      |  |  |
| Property taxes, levied for general purposes                        |                       |                                      |  | 60,833,979                                 |
| Property taxes, levied for debt service                            |                       |                                      |  | 3,793,628                                  |
| Taxes levied for other specific purposes                           |                       |                                      |  | 3,145,227                                  |
| Federal and State aid not restricted to specific purposes          |                       |                                      |  | 225,325,776                                |
| Interest, investment earnings and change in fair market valuations |                       |                                      |  | 14,176,493                                 |
| Miscellaneous  |                       |                                      |  | 5,022,580                                  |
| <b>Subtotal, general revenues and subventions</b>                  |                       |                                      |  | <b>312,297,683</b>                         |
| Change in Net Position   |                       |                                      |  | 47,859,044                                 |
| Net Position - Beginning, as previously reported                   |                       |                                      |  | 399,659,897                                |
| Adjustments (Note 19)  |                       |                                      |  | (24,922,019)                               |
| Net Position - Beginning, as restated                              |                       |                                      |  | 374,737,878                                |
| Net Position - Ending  |                       |                                      |  | <u>\$ 422,596,922</u>                      |

Lake Elsinore Unified School District

Balance Sheet – Governmental Funds

June 30, 2025

|  | General<br>Fund       | Building<br>Fund     | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------|----------------------|------------------------------------|--------------------------------|
| <b>Assets</b>  |                       |                      |                                    |                                |
| Deposits and investments   | \$ 225,473,866        | \$ 40,624,832        | \$ 81,623,925                      | \$ 347,722,623                 |
| Receivables  | 19,456,683            | 136,939              | 7,234,704                          | 26,828,326                     |
| Due from other funds   | 2,124,605             | -                    | 801,790                            | 2,926,395                      |
| Stores inventories   | 633,240               | -                    | 123,817                            | 757,057                        |
| Lease receivables  | 29,284                | -                    | -                                  | 29,284                         |
|  | <u>225,473,866</u>    | <u>40,624,832</u>    | <u>81,623,925</u>                  | <u>347,722,623</u>             |
| Total assets   | <u>\$ 247,717,678</u> | <u>\$ 40,761,771</u> | <u>\$ 89,784,236</u>               | <u>\$ 378,263,685</u>          |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                       |                      |                                    |                                |
| <b>Liabilities</b>   |                       |                      |                                    |                                |
| Accounts payable   | \$ 41,358,902         | \$ 721,083           | \$ 2,027,277                       | \$ 44,107,262                  |
| Due to other funds   | 10,032                | -                    | 2,926,385                          | 2,936,417                      |
| Unearned revenue   | 1,683,160             | -                    | 769,141                            | 2,452,301                      |
|  | <u>41,358,902</u>     | <u>721,083</u>       | <u>2,027,277</u>                   | <u>44,107,262</u>              |
| Total liabilities  | <u>43,052,094</u>     | <u>721,083</u>       | <u>5,722,803</u>                   | <u>49,495,980</u>              |
| <b>Deferred Inflows of Resources</b>                                 |                       |                      |                                    |                                |
| Deferred inflows of resources related to leases                      | 29,284                | -                    | -                                  | 29,284                         |
|  | <u>29,284</u>         | <u>-</u>             | <u>-</u>                           | <u>29,284</u>                  |
| <b>Fund Balances</b>   |                       |                      |                                    |                                |
| Nonspendable   | 659,240               | -                    | 123,817                            | 783,057                        |
| Restricted   | 72,937,625            | 40,040,688           | 65,639,663                         | 178,617,976                    |
| Committed  | 71,020,200            | -                    | -                                  | 71,020,200                     |
| Assigned   | 44,667,422            | -                    | 18,297,953                         | 62,965,375                     |
| Unassigned   | 15,351,813            | -                    | -                                  | 15,351,813                     |
|  | <u>659,240</u>        | <u>40,040,688</u>    | <u>123,817</u>                     | <u>783,057</u>                 |
| Total fund balances  | <u>204,636,300</u>    | <u>40,040,688</u>    | <u>84,061,433</u>                  | <u>328,738,421</u>             |
| Total liabilities, deferred inflows of resources, and fund balances  | <u>\$ 247,717,678</u> | <u>\$ 40,761,771</u> | <u>\$ 89,784,236</u>               | <u>\$ 378,263,685</u>          |

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

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|   |                      |                |
|---|----------------------|----------------|
| Total Fund Balance - Governmental Funds   |                      | \$ 328,738,421 |
| <p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>                        |                      |                |
| The cost of capital assets is   | \$ 708,848,716       |                |
| Accumulated depreciation and amortization is  | <u>(290,309,749)</u> |                |
| Net capital assets  |                      | 418,538,967    |
| <p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>                                     |                      |                |
|   |                      | (1,586,223)    |
| <p>An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.</p> |                      |                |
|   |                      | 18,438,809     |
| <p>Lake Elsinore School Financing Authority's long-term receivable will not be received in the near term and therefore, is not reported as a receivable in the governmental funds.</p>  |                      |                |
|   |                      | 35,685,000     |
| <p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>   |                      |                |
| Deferred charge on refunding  | 283,116              |                |
| Other postemployment benefits (OPEB) liability  | 1,813,496            |                |
| Aggregate net pension liability   | <u>87,042,044</u>    |                |
| Total deferred outflows of resources  |                      | 89,138,656     |
| <p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>   |                      |                |
| OPEB liability  | (11,722,158)         |                |
| Aggregate net pension liability   | <u>(26,500,354)</u>  |                |
| Total deferred inflows of resources   |                      | (38,222,512)   |
| <p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>   |                      |                |
|   |                      | (234,476,591)  |

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

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|   |                              |
|---|------------------------------|
| The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.      | \$ (21,593,774)              |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. |                              |
| Long-term liabilities at year-end consist of  |                              |
| General obligation bonds  | \$ (91,520,000)              |
| Lake Elsinore School Financing Authority bonds  | (42,750,000)                 |
| Unamortized debt premiums   | (8,975,108)                  |
| Leases  | (2,701,901)                  |
| Subscription-based IT arrangements  | (329,726)                    |
| Compensated absences  | <u>(25,787,096)</u>          |
| Total long-term liabilities   | <u>(172,063,831)</u>         |
| Total net position - governmental activities  | <u><u>\$ 422,596,922</u></u> |

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

|   | General<br>Fund       | Building<br>Fund     | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------|------------------------------------|--------------------------------|
| <b>Revenues</b>                                       |                       |                      |                                    |                                |
| Local Control Funding Formula (LCFF)                  | \$ 280,039,886        | \$ -                 | \$ -                               | \$ 280,039,886                 |
| Federal sources                                       | 25,543,218            | -                    | 15,138,367                         | 40,681,585                     |
| Other State sources                                   | 48,312,668            | -                    | 13,814,900                         | 62,127,568                     |
| Other local sources                                   | 41,391,104            | 903,044              | 19,451,383                         | 61,745,531                     |
| Total revenues  | <u>395,286,876</u>    | <u>903,044</u>       | <u>48,404,650</u>                  | <u>444,594,570</u>             |
| <b>Expenditures</b>                                   |                       |                      |                                    |                                |
| <b>Current</b>  |                       |                      |                                    |                                |
| Instruction   | 222,391,577           | -                    | 5,680,493                          | 228,072,070                    |
| Instruction-related activities                        |                       |                      |                                    |                                |
| Supervision of instruction                            | 15,171,987            | -                    | 1,326,139                          | 16,498,126                     |
| Instructional library, media,<br>and technology       | 1,611,322             | -                    | -                                  | 1,611,322                      |
| School site administration                            | 31,016,126            | -                    | 496,709                            | 31,512,835                     |
| Pupil services  |                       |                      |                                    |                                |
| Home-to-school transportation                         | 14,224,596            | -                    | -                                  | 14,224,596                     |
| Food services   | 1,576,579             | -                    | 14,951,497                         | 16,528,076                     |
| All other pupil services                              | 23,546,120            | -                    | 81,000                             | 23,627,120                     |
| Administration  |                       |                      |                                    |                                |
| Data processing                                       | 5,236,227             | -                    | -                                  | 5,236,227                      |
| All other administration                              | 17,487,252            | -                    | 1,615,549                          | 19,102,801                     |
| Plant services  | 45,688,502            | -                    | 727,733                            | 46,416,235                     |
| Ancillary services                                    | 3,577,981             | -                    | 2,053,641                          | 5,631,622                      |
| Community services                                    | 709,473               | -                    | 424,189                            | 1,133,662                      |
| Other outgo   | 256,941               | -                    | -                                  | 256,941                        |
| Facility acquisition and construction                 | 2,058,941             | 5,870,255            | 2,960,648                          | 10,889,844                     |
| Debt service  |                       |                      |                                    |                                |
| Principal   | 1,831,306             | -                    | 2,531,423                          | 4,362,729                      |
| Interest and other                                    | 118,546               | 350,000              | 4,354,670                          | 4,823,216                      |
| Total expenditures                                    | <u>386,503,476</u>    | <u>6,220,255</u>     | <u>37,203,691</u>                  | <u>429,927,422</u>             |
| Excess (Deficiency) of Revenues<br>Over Expenditures  | <u>8,783,400</u>      | <u>(5,317,211)</u>   | <u>11,200,959</u>                  | <u>14,667,148</u>              |
| <b>Other Financing Sources</b>                        |                       |                      |                                    |                                |
| Other sources - leases                                | 2,313,356             | -                    | -                                  | 2,313,356                      |
| Other sources - SBITAs                                | 287,853               | -                    | 103,144                            | 390,997                        |
| Other sources - proceeds from issuance<br>of GO Bonds | -                     | 30,000,000           | -                                  | 30,000,000                     |
| Other sources - premium on issuance<br>of GO Bonds    | -                     | -                    | 1,674,894                          | 1,674,894                      |
| Net Financing Sources                                 | <u>2,601,209</u>      | <u>30,000,000</u>    | <u>1,778,038</u>                   | <u>34,379,247</u>              |
| Net Change in Fund Balances                           | 11,384,609            | 24,682,789           | 12,978,997                         | 49,046,395                     |
| Fund Balance - Beginning                              | <u>193,251,691</u>    | <u>15,357,899</u>    | <u>71,082,436</u>                  | <u>279,692,026</u>             |
| Fund Balance - Ending                                 | <u>\$ 204,636,300</u> | <u>\$ 40,040,688</u> | <u>\$ 84,061,433</u>               | <u>\$ 328,738,421</u>          |

Lake Elsinore Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 49,046,395

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

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

This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

|                                       |                     |
|---------------------------------------|---------------------|
| Capital outlay                        | \$ 25,659,424       |
| Depreciation and amortization expense | <u>(17,712,215)</u> |

|                        |           |
|------------------------|-----------|
| Net expense adjustment | 7,947,209 |
|------------------------|-----------|

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (116,891)

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (2,313,356)

Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (390,997)

In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used. 664,711

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and aggregate net pension liability during the year. 13,281,266

Lake Elsinore Unified School District

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

|   |                      |
|---|----------------------|
| In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and OPEB liability during the year. | \$ 9,957,377         |
| Proceeds received from general obligation bonds are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.   | (30,000,000)         |
| Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.   |                      |
| Premium on issuance recognized  | (1,674,894)          |
| Premium amortization  | 466,643              |
| Deferred charge on refunding amortization   | (23,593)             |
| Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.  |                      |
| General obligation bonds  | 485,000              |
| Lake Elsinore School Financing Authority bonds  | 1,985,000            |
| Finance purchase agreements   | 544,548              |
| Leases  | 923,392              |
| Subscription-based IT arrangements  | 424,789              |
| The collection of tax assessments are revenues in the governmental funds, but reduce long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.  | (1,850,000)          |
| Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.   | (247,917)            |
| An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.  | <u>(1,249,638)</u>   |
| Change in net position of governmental activities   | <u>\$ 47,859,044</u> |

Lake Elsinore Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2025

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|  | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|--|--|
| Assets                                   |  |
| Current assets                           |  |
| Deposits and investments                 | \$ 26,460,404  |
| Receivables                              | 265,933  |
| Due from other funds                     | <u>10,032</u>  |
| Total current assets                     | <u>26,736,369</u>  |
| Liabilities                              |  |
| Current liabilities                      |  |
| Accounts payable                         | 170,550  |
| Due to other funds                       | 10   |
| Current portion of claims liabilities    | <u>1,966,096</u>   |
| Total current liabilities                | <u>2,136,656</u>   |
| Noncurrent liabilities                   |  |
| Noncurrent portion of claims liabilities | <u>6,160,904</u>   |
| Total liabilities                        | <u>8,297,560</u>   |
| Net Position                             |  |
| Restricted                               | <u><u>\$ 18,438,809</u></u>  |

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

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|                                    | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|------------------------------------|--|
| Operating Revenues                 |  |
| Charges for services               | <u>\$ 1,295,759</u>  |
| Operating Expenses                 |  |
| Payroll costs                      | 147,241  |
| Supplies and materials             | 5,875  |
| Professional and contract services | <u>3,871,717</u>   |
| Total operating expenses           | <u>4,024,833</u>   |
| Operating Loss                     | <u>(2,729,074)</u>   |
| Nonoperating Revenues              |  |
| Fair market value adjustments      | 357,962  |
| Interest income                    | <u>1,121,474</u>   |
| Total nonoperating revenues        | <u>1,479,436</u>   |
| Change in Net Position             | (1,249,638)  |
| Total Net Position - Beginning     | <u>19,688,447</u>  |
| Total Net Position - Ending        | <u><u>\$ 18,438,809</u></u>  |

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

|  | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|--|--|
| Operating Activities   |  |
| Cash received from assessments made to other funds                                   | \$ 1,428,521   |
| Cash payments to employees for services  | (147,241)  |
| Cash received from vendors providing goods and services                              | 62,310   |
| Cash payments to claims and claims administration                                    | <u>(2,872,717)</u>   |
| Net Cash Used for Operating Activities   | <u>(1,529,127)</u>   |
| Investing Activities   |  |
| Interest and gain on investments   | <u>1,515,299</u>   |
| Net Change in Cash and Cash Equivalents  | (13,828)   |
| Cash and Cash Equivalents, Beginning   | <u>26,474,232</u>  |
| Cash and Cash Equivalents, Ending  | <u><u>\$ 26,460,404</u></u>  |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities           |  |
| Operating loss   | \$ (2,729,074)   |
| Adjustments to reconcile operating loss<br>to net cash used for operating activities |  |
| Changes in assets and liabilities  |  |
| Receivables  | 133,423  |
| Due from other fund  | (671)  |
| Accrued liabilities  | 68,185   |
| Due to other fund  | 10   |
| Claims liability   | <u>999,000</u>   |
| Net Cash Used for Operating Activities   | <u><u>\$ (1,529,127)</u></u>                                       |

Lake Elsinore Unified School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2025

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|  | <u>Custodial<br/>Funds</u> |
|--|----------------------------|
| Assets   |                            |
| Deposits and investments   | <u>\$ 16,518,457</u>       |
| Net Position   |                            |
| Restricted for individuals, organizations, and other governments | <u>\$ 16,518,457</u>       |

Lake Elsinore Unified School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2025

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|  | Custodial<br>Funds |
|--|--------------------|
| Additions                              |                    |
| Contributions                          |                    |
| Special tax assessment                 | \$ 7,461,925       |
| Interest                               | 595,367            |
| Other                                  | 206,100            |
|  | 8,263,392          |
| Total additions                        | 8,263,392          |
| Deductions                             |                    |
| Payment to bond holders                | 5,833,670          |
| Payments to other governments          | 3,295,439          |
|  | 9,129,109          |
| Total deductions                       | 9,129,109          |
| Net Decrease in Fiduciary Net Position | (865,717)          |
| Net Position - Beginning               | 17,384,174         |
| Net Position - Ending                  | \$ 16,518,457      |

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Lake Elsinore Unified School District (the District) was unified on July 1, 1989, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates thirteen K-5 schools, two K-8 schools, four grade 6-8 schools, three traditional high schools, a continuation high school, an independent study school, and an adult education school.

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

### **Other Related Entities**

The District has approved a charter for the Sycamore Academy of Science and Arts pursuant to *Education Code* Section 47605. The Sycamore Academy of Science and Arts is operated by a separate governing board and is not considered a component unit of the District. The Sycamore Academy of Science and Arts receives Federal and State funds for specific purposes that is subject to review and audit by grantor agencies.

### **Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may 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. For financial reporting purposes, the component units described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*. and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Lake Elsinore Unified School District and the Lake Elsinore School Financing Authority (the Authority) have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Authority as a component unit of the District. Accordingly, the financial activities of the Authority has been included in the financial statements of the District. The financial statements present the Authority's financial activities within the Debt Service Fund for Blended Component Units and Capital Projects Fund for Blended Component Units. Bonds issued by the Authority are included in long-term liabilities on the government-wide financial statements.

### **Basis of Presentation - Fund Accounting**

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

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

#### **Major Governmental Funds**

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

One fund currently defined as a special revenue funds in the *California State Accounting Manual (CSAM)* does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$1,499,896 as of June 30, 2025.

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

#### **Non-Major Governmental Funds**

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued by the District (*Education Code Sections 15125-15262*).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund. The internal service fund is presented in a single column on the face of the proprietary fund statements.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are used to account for various Community Facilities Districts.

#### **Basis of Accounting - Measurement Focus**

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

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation and amortization of capital assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to

meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Proprietary Funds** Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement Of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

### **Cash and Cash Equivalents**

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

### **Investments**

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

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

**Stores Inventories**

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

**Capital Assets, Depreciation, and Amortization**

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

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

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 45 years; improvements, five to 20 years; equipment, five to 20 years. Land is not depreciated.

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

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

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the

commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to eight years.

### **Lease Receivable**

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

### **Interfund Balances**

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

### **Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Liabilities**

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

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

**Debt Issuance Costs, Premiums, and Discounts**

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

In the fund financial statements, governmental funds recognize premiums and discounts as other financing sources and uses, respectively, and issuance costs as debt service expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period the bonds are issued.

**Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee

contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

### **Postemployment Benefits Other Than Pensions (OPEB)**

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

### **Lease Liabilities**

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

### **Subscription Liabilities**

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

### **Fund Balances - Governmental Funds**

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

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

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

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action including the District's adopted budget and/or interim, estimated actuals and unaudited actual financial reports as approved by the governing board.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or the Director of Fiscal Services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

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

### **Minimum Fund Balance Policy**

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

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$137,140,078 of net position restricted by enabling legislation.

### **Operating Revenues and Expenses – Proprietary Funds**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are food service sales and charges to other funds. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Estimates**

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

**Property Tax**

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

**Adoption of New Accounting Standard**

**Implementation of GASB Statement No. 101**

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 19.

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

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

|                                |                              |
|--------------------------------|------------------------------|
| Governmental funds             | \$ 347,722,623               |
| Proprietary funds              | 26,460,404                   |
| Fiduciary funds                | <u>16,518,457</u>            |
| Total deposits and investments | <u><u>\$ 390,701,484</u></u> |

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

|                                |                              |
|--------------------------------|------------------------------|
| Cash on hand and in banks      | \$ 21,699,421                |
| Cash with fiscal agent         | 300,000                      |
| Cash in revolving              | 26,000                       |
| Investments                    | <u>368,676,063</u>           |
| Total deposits and investments | <u><u>\$ 390,701,484</u></u> |

**Policies and Practices**

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

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

**General Authorizations**

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

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

**Authorized Under Debt Agreements**

| Authorized<br>Investment Type           | Maximum<br>Remaining<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>In One Issuer |
|---|----------------------------------|---------------------------------------|--|
| Local Agency Bonds, Notes, Warrants     | N/A                              | None                                  | None                                   |
| Registered State Bonds, Notes, Warrants | N/A                              | None                                  | None                                   |
| U.S. Treasury Obligations               | 3 years                          | None                                  | None                                   |
| U.S. Agency Securities                  | 3 years                          | None                                  | None                                   |
| Banker's Acceptance                     | N/A                              | None                                  | None                                   |
| Commercial Paper                        | 180 days                         | 30%                                   | 10%                                    |
| Repurchase Agreements                   | N/A                              | None                                  | None                                   |
| Investment Agreement                    | N/A                              | 20%                                   | 10%                                    |
| Money Market Mutual Funds               | 120 days                         | None                                  | None                                   |
| County Pooled Investment Funds          | N/A                              | None                                  | None                                   |
| Local Agency Investment Fund (LAIF)     | N/A                              | None                                  | None                                   |

**Interest Rate Risk**

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

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

| Investment Type  | Reported<br>Amount           | Maturity<br>Date |
|--|------------------------------|------------------|
| Fidelity Institutional Money Market Fund -<br>Governmental Portfolio - Class III | \$ 34,248,729                | 35 Days          |
| Riverside County Treasury Investment Pool  | <u>334,427,334</u>           | 467 Days         |
| Total  | <u><u>\$ 368,676,063</u></u> |                  |

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the Fidelity Institutional Money Market Fund – Government Portfolio and the Riverside County Treasury Investment Pool are rated Aaa by Moody's Investor Service.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District had a bank balance of \$13,786,278 that was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Note 3 - Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2025:

| Investment Type  | Reported Amount      | Fair Value Measurement Using Level 2 Inputs |
|--|----------------------|---|
| Fidelity Institutional Money Market Fund -<br>Governmental Portfolio - Class III | <u>\$ 34,248,729</u> | <u>\$ 34,248,729</u>                        |

All assets have been valued using a market approach, with quoted market prices.

**Note 4 - Receivables**

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

|                     | General Fund         | Building Fund     | Non-Major Governmental Funds | Internal Service Fund | Total Governmental Activities |
|---------------------|----------------------|-------------------|------------------------------|-----------------------|-------------------------------|
| Federal Government  |                      |                   |                              |                       |                               |
| Categorical aid     | \$ 6,673,312         | \$ -              | \$ 3,656,146                 | \$ -                  | \$ 10,329,458                 |
| State Government    |                      |                   |                              |                       |                               |
| Categorical aid     | 7,638,857            | -                 | 2,595,430                    | -                     | 10,234,287                    |
| Lottery             | 1,486,589            | -                 | -                            | -                     | 1,486,589                     |
| Local Government    |                      |                   |                              |                       |                               |
| Interest            | 2,260,968            | 136,939           | 339,375                      | 265,933               | 3,003,215                     |
| Other local sources | 1,396,957            | -                 | 643,753                      | -                     | 2,040,710                     |
| Total               | <u>\$ 19,456,683</u> | <u>\$ 136,939</u> | <u>\$ 7,234,704</u>          | <u>\$ 265,933</u>     | <u>\$ 27,094,259</u>          |

**Note 5 - Long-Term Receivables**

The proceeds from the issuance of Special Tax Revenue Bonds issued by the Lake Elsinore Schools Financing Authority (the SFA) were used to refund existing debt obligations of various Community Facilities Districts (CFDs). In accordance with the agreement between the SFA and CFDs, special tax assessments collected from taxpayers residing in the areas of CFDs that benefitted will be used to repay a portion of the outstanding special tax bonds issued by the SFA. The total amount of benefit provided by the SFA through the issuance of special tax bonds was \$80,585,000. Current year payments totaling \$1,850,000 were made leaving a total of \$35,685,000 due from the CFDs as of June 30, 2025.

**Note 6 - Capital Assets**

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

|  | Balance<br>July 1, 2024 | Additions           | Deductions          | Balance<br>June 30, 2025 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| <b>Governmental Activities</b>                                 |                         |                     |                     |                          |
| Capital assets not being depreciated or amortized              |                         |                     |                     |                          |
| Land   | \$ 23,818,013           | \$ 51,495           | \$ -                | \$ 23,869,508            |
| Construction in progress                                       | 17,921,589              | 5,363,532           | -                   | 23,285,121               |
| <b>Total capital assets not being depreciated or amortized</b> | <b>41,739,602</b>       | <b>5,415,027</b>    | <b>-</b>            | <b>47,154,629</b>        |
| Capital assets being depreciated and amortized                 |                         |                     |                     |                          |
| Land improvements  | 54,408,039              | 6,730               | (116,891)           | 54,297,878               |
| Buildings and improvements                                     | 533,020,556             | 1,446,049           | -                   | 534,466,605              |
| Furniture and equipment  | 52,647,204              | 13,195,147          | -                   | 65,842,351               |
| Right-to-use leased furniture and equipment                    | 1,638,741               | 2,313,356           | (373,278)           | 3,578,819                |
| Right-to-use subscription IT assets                            | 949,918                 | 3,283,115           | (724,599)           | 3,508,434                |
| <b>Total capital assets being depreciated and amortized</b>    | <b>642,664,458</b>      | <b>20,244,397</b>   | <b>(1,214,768)</b>  | <b>661,694,087</b>       |
| <b>Total capital assets</b>                                    | <b>684,404,060</b>      | <b>25,659,424</b>   | <b>(1,214,768)</b>  | <b>708,848,716</b>       |
| Accumulated depreciation and amortization                      |                         |                     |                     |                          |
| Land improvements  | (16,349,103)            | (2,303,169)         | -                   | (18,652,272)             |
| Buildings and improvements                                     | (220,177,259)           | (10,972,833)        | -                   | (231,150,092)            |
| Furniture and equipment  | (36,122,114)            | (2,708,862)         | -                   | (38,830,976)             |
| Right-to-use leased furniture and equipment                    | (494,637)               | (887,311)           | 373,278             | (1,008,670)              |
| Right-to-use subscription IT assets                            | (552,298)               | (840,040)           | 724,599             | (667,739)                |
| <b>Total accumulated depreciation and amortization</b>         | <b>(273,695,411)</b>    | <b>(17,712,215)</b> | <b>1,097,877</b>    | <b>(290,309,749)</b>     |
| <b>Net depreciable and amortizable capital assets</b>          | <b>368,969,047</b>      | <b>2,532,182</b>    | <b>(116,891)</b>    | <b>371,384,338</b>       |
| <b>Governmental activities capital assets, net</b>             | <b>\$ 410,708,649</b>   | <b>\$ 7,947,209</b> | <b>\$ (116,891)</b> | <b>\$ 418,538,967</b>    |

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

|  |                      |
|--|----------------------|
| <b>Governmental Activities</b>   |                      |
| Instruction  | \$ 14,582,953        |
| Supervision of instruction   | 41,650               |
| Home-to-school transportation  | 799,243              |
| All other pupil services   | 479,548              |
| Data processing  | 54,790               |
| All other administration   | 767,432              |
| Plant services   | 986,599              |
| <b>Total depreciation and amortization expense governmental activities</b> | <b>\$ 17,712,215</b> |

**Note 7 - Lease Receivables**

The District has entered into a lease agreement with a lessee. The lease receivable is summarized below:

| Lease Receivable | July 1, 2024 | Addition  | Deletion    | June 30, 2025 |
|------------------|--------------|-----------|-------------|---------------|
| Sandia Services  | \$ -         | \$ 56,385 | \$ (27,101) | \$ 29,284     |

**Sandia Services**

The District leases a portion of its facilities located at the main Administration Building. The lease is for a term of two years. The agreement allows for 3.10% annual CPI increases to lease payments. Through the length of the lease, the lessee is required to provide on-going maintenance to the facilities. During the year ended June 30, 2025, the District recognized \$27,101 in lease revenue and \$1,963 in interest revenue related to this agreement. At June 30, 2025, the District recorded \$29,284 in lease receivable and deferred inflows of resources for this arrangement. The District used an interest rate of 5.00% based on the rates available to finance real estate or machinery and equipment over the same time periods.

**Note 8 - Interfund Transactions**

**Interfund Receivables/Payables (Due To/Due From)**

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

| Due To                       | Due From         |                              |                       | Total               |
|------------------------------|------------------|------------------------------|-----------------------|---------------------|
|                              | General Fund     | Non-Major Governmental Funds | Internal Service Fund |                     |
| General Fund                 | \$ -             | \$ 2,124,595                 | \$ 10                 | \$ 2,124,605        |
| Non-Major Governmental Funds | -                | 801,790                      | -                     | 801,790             |
| Internal Service Fund        | 10,032           | -                            | -                     | 10,032              |
| <b>Total</b>                 | <b>\$ 10,032</b> | <b>\$ 2,926,385</b>          | <b>\$ 10</b>          | <b>\$ 2,936,427</b> |

A balance of \$351,136 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from a temporary operating loan and amounts due for other operating costs.

A balance of \$830,404 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from a temporary operating loan and amounts due for other operating costs, including indirect costs.

A balance of \$937,041 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from amounts due for payroll, indirect costs, and other operating costs.

A balance of \$801,790 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the County School Facilities Non-Major Governmental Fund resulted from state matching funds and interest earnings.

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

**Note 9 - Accounts Payable**

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

|                     | General<br>Fund      | Building<br>Fund  | Non-Major<br>Governmental<br>Funds | Internal<br>Service<br>Fund | Total<br>Governmental<br>Activities |
|---------------------|----------------------|-------------------|------------------------------------|-----------------------------|-------------------------------------|
| Salaries & benefits | \$ 2,614,584         | \$ -              | \$ 67,468                          | \$ 741                      | \$ 2,682,793                        |
| LCFF apportionment  | 26,202,771           | -                 | -                                  | -                           | 26,202,771                          |
| Due to CDE          | 106,007              | -                 | 615,890                            | -                           | 721,897                             |
| Vendor payables     | 12,435,540           | 721,083           | 1,343,919                          | 169,809                     | 14,670,351                          |
| <b>Total</b>        | <b>\$ 41,358,902</b> | <b>\$ 721,083</b> | <b>\$ 2,027,277</b>                | <b>\$ 170,550</b>           | <b>\$ 44,277,812</b>                |

**Note 10 - Unearned Revenue**

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

|                              | General<br>Fund     | Non-Major<br>Governmental<br>Funds | Total               |
|------------------------------|---------------------|------------------------------------|---------------------|
| Federal financial assistance | \$ 56,275           | \$ 48,343                          | \$ 104,618          |
| State categorical aid        | 1,626,885           | 658,624                            | 2,285,509           |
| Other local                  | -                   | 62,174                             | 62,174              |
| <b>Total</b>                 | <b>\$ 1,683,160</b> | <b>\$ 769,141</b>                  | <b>\$ 2,452,301</b> |

**Note 11 - Long-Term Liabilities Other than OPEB and Pensions**

**Summary**

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

|   | Balance<br>July 1, 2024,<br>as Restated | Additions            | Deductions            | Balance<br>June 30, 2025 | Due in<br>One Year   |
|---|---|----------------------|-----------------------|--------------------------|----------------------|
| Long-Term Liabilities                             |   |                      |                       |                          |                      |
| General obligation bonds                          | \$ 62,005,000                           | \$ 30,000,000        | \$ (485,000)          | \$ 91,520,000            | \$ 2,675,000         |
| Lake Elsinore School Financing<br>Authority bonds | 44,735,000                              | -                    | (1,985,000)           | 42,750,000               | 2,125,000            |
| Unamortized debt premiums                         | 7,766,857                               | 1,674,894            | (466,643)             | 8,975,108                | -                    |
| Finance purchase agreements                       | 544,548                                 | -                    | (544,548)             | -                        | -                    |
| Leases  | 1,311,937                               | 2,313,356            | (923,392)             | 2,701,901                | 730,741              |
| Subscription-based IT arrangements                | 363,518                                 | 390,997              | (424,789)             | 329,726                  | 199,121              |
| Compensated absences                              | 26,451,807                              | -                    | (664,711)             | 25,787,096               | 5,637,597            |
| Claims liability                                  | 7,128,000                               | 2,965,096            | (1,966,096)           | 8,127,000                | 1,966,096            |
|   | <u>\$ 150,306,667</u>                   | <u>\$ 37,344,343</u> | <u>\$ (7,460,179)</u> | <u>\$ 180,190,831</u>    | <u>\$ 13,333,555</u> |
| Total   |   |                      |                       |                          |                      |

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

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the Lake Elsinore School Financing Authority Bonds are made by the Debt Service Fund for Blended Component Units. Finance purchase agreement payments are made from the General Fund. Lease payments are made from the General Fund and the Capital Facilities Fund. Subscription-based IT arrangement payments are made from the General Fund, the Adult Education Fund, the Capital Facilities Fund, and the Capital Projects Fund for Blended Component Units.

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

| Issuance Date | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2024 | Issued               | Redeemed            | Bonds Outstanding June 30, 2025 |
|---------------|---------------------|---------------|----------------|--------------------------------|----------------------|---------------------|---------------------------------|
| 4/20/17       | 8/1/2041            | 2.00-5.00%    | \$ 32,415,000  | \$ 27,355,000                  | \$ -                 | \$ (485,000)        | \$ 26,870,000                   |
| 9/17/19       | 8/1/2049            | 3.00-4.00%    | 21,500,000     | 19,650,000                     | -                    | -                   | 19,650,000                      |
| 6/13/24       | 8/1/2053            | 4.00-5.00%    | 15,000,000     | 15,000,000                     | -                    | -                   | 15,000,000                      |
| 6/25/25       | 8/1/2054            | 5.00-5.25%    | 30,000,000     | -                              | 30,000,000           | -                   | 30,000,000                      |
|               |                     |               |                | <u>\$ 62,005,000</u>           | <u>\$ 30,000,000</u> | <u>\$ (485,000)</u> | <u>\$ 91,520,000</u>            |

**Debt Service Requirements to Maturity**

The bonds mature through 2055 as follows:

| <u>Fiscal Year</u> | <u>Principal</u>            | <u>Interest to<br/>Maturity</u> | <u>Total</u>                 |
|--------------------|-----------------------------|---------------------------------|------------------------------|
| 2026               | \$ 2,675,000                | \$ 3,363,079                    | \$ 6,038,079                 |
| 2027               | 6,175,000                   | 3,755,619                       | 9,930,619                    |
| 2028               | 5,580,000                   | 3,461,744                       | 9,041,744                    |
| 2029               | 6,210,000                   | 3,171,344                       | 9,381,344                    |
| 2030               | 2,480,000                   | 2,963,319                       | 5,443,319                    |
| 2031-2035          | 10,590,000                  | 13,131,800                      | 23,721,800                   |
| 2036-2040          | 12,410,000                  | 11,118,491                      | 23,528,491                   |
| 2041-2045          | 15,000,000                  | 8,311,656                       | 23,311,656                   |
| 2046-2050          | 19,690,000                  | 4,843,455                       | 24,533,455                   |
| 2051-2055          | 10,710,000                  | 1,232,900                       | 11,942,900                   |
| <b>Total</b>       | <b><u>\$ 91,520,000</u></b> | <b><u>\$ 55,353,407</u></b>     | <b><u>\$ 146,873,407</u></b> |

**Lake Elsinore School Financing Authority Bonds**

The Lake Elsinore School Financing Authority (SFA) was created to refinance the Community Facilities Districts (CFD) debt. 2012 SFA Special Tax Bonds refinanced the debt for CFD 88-1, 90-1, SFA 1997, and SFA 1998. The interest rates of the bonds range from 2.00 to 3.00% and the bonds have a final maturity to occur on September 1, 2027. 2017 SFA Special Tax Bonds refinanced the debt for CFD 2004-4, 2005-6, 1A A, 2005-7, 2006-3, 1A A, 2006-4, and 2006-6. The interest rates of the bonds range from 2.00 to 5.00% and the bonds have a final maturity to occur on September 1, 2044. 2019 SFA Special Tax Bonds refinanced the debt for the 2007 SFA which refinanced debt for CFD 99-1, 2000-1, 2001-1, 2001-2, 2001-3, 2002 1, 2003-1A, and 2003-1B. The interest rate of the bonds is 5.00%, and the bonds have a final maturity to occur on October 1, 2037. On June 30, 2025, the principal balance outstanding on the Lake Elsinore School Financing Authority Bonds was \$42,750,000.

The outstanding debt incurred through bonds issued in connection with the SFA at June 30, 2025, is as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Principal</u>            | <u>Interest</u>             | <u>Total</u>                |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2026                            | \$ 2,125,000                | \$ 1,807,706                | \$ 3,932,706                |
| 2027                            | 2,270,000                   | 1,697,831                   | 3,967,831                   |
| 2028                            | 2,425,000                   | 1,580,456                   | 4,005,456                   |
| 2029                            | 2,590,000                   | 1,455,081                   | 4,045,081                   |
| 2030                            | 2,755,000                   | 1,321,456                   | 4,076,456                   |
| 2031-2035                       | 15,445,000                  | 4,567,853                   | 20,012,853                  |
| 2036-2040                       | 11,980,000                  | 1,502,072                   | 13,482,072                  |
| 2041-2045                       | 3,160,000                   | 249,809                     | 3,409,809                   |
| <b>Total</b>                    | <b><u>\$ 42,750,000</u></b> | <b><u>\$ 14,182,264</u></b> | <b><u>\$ 56,932,264</u></b> |

**Finance Purchase Agreements**

The District has entered into an agreement to finance the purchase of equipment. The annual interest rate charged on the agreement was 3.04%. At June 30, 2025, the finance purchase agreement liability was fully repaid.

**Leases**

The District has entered into agreements to lease various facilities and equipment. As of June 30, 2025, the District recognized a right-to-use leased asset of \$2,570,149 and a lease liability of \$2,701,901 related to these agreements. The District is required to make principal and interest payments through October 2030. The lease agreements have interest rates ranging from 3.00 to 6.00%.

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

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2026                    | \$ 730,741          | \$ 140,921        | \$ 871,662          |
| 2027                    | 700,580             | 104,614           | 805,194             |
| 2028                    | 738,125             | 67,069            | 805,194             |
| 2029                    | 372,917             | 27,497            | 400,414             |
| 2030                    | 105,032             | 6,028             | 111,060             |
| 2031                    | 54,506              | 1,024             | 55,530              |
| Total                   | <u>\$ 2,701,901</u> | <u>\$ 347,153</u> | <u>\$ 3,049,054</u> |

**Subscriptions-Based Information Technology Arrangements (SBITAs)**

The District has entered into SBITA agreements for various software. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset of \$2,840,695 and a SBITA liability of \$329,726 related to these agreements. During the fiscal year, the District recorded \$840,040 in amortization expense. The District is required to make annual principal and interest payments through July 2028. The subscription agreements have interest rates ranging from 3.00 to 6.00%.

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

| Year Ending<br>June 30, | Principal         | Interest         | Total             |
|-------------------------|-------------------|------------------|-------------------|
| 2026                    | \$ 199,121        | \$ 16,948        | \$ 216,069        |
| 2027                    | 119,353           | 6,573            | 125,926           |
| 2028                    | 5,489             | 563              | 6,052             |
| 2029                    | 5,763             | 288              | 6,051             |
| Total                   | <u>\$ 329,726</u> | <u>\$ 24,372</u> | <u>\$ 354,098</u> |

**Claims Liability**

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2025, amounted to \$8,127,000 and was discounted at a rate of 2.00%.

**Note 12 - Other Post Employment Benefit (OPEB) Liability**

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

| OPEB Plan                              | Net OPEB Liability   | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense        |
|--|----------------------|--------------------------------|-------------------------------|---------------------|
| District Plan                          | \$ 20,761,191        | \$ 1,813,496                   | \$ 11,722,158                 | \$ 1,884,538        |
| Medicare Premium Payment (MPP) Program | 832,583              | -                              | -                             | (179,649)           |
| Total                                  | <u>\$ 21,593,774</u> | <u>\$ 1,813,496</u>            | <u>\$ 11,722,158</u>          | <u>\$ 1,704,889</u> |

The details of each plan are as follows:

**District Plan**

**Plan Administration**

The Public Agency Retirement Services (PARS) administers the District's Postemployment Benefits Plans (the Plans). The Plans are single-employer defined benefit plans that are used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Financial information for PARS can be found on the PARS website at: <https://www.pars.org/>.

**Plan Membership**

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

|   |                     |
|---|---------------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 142                 |
| Active employees  | <u>1,997</u>        |
| Total   | <u><u>2,139</u></u> |

**Benefits Provided**

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

**Contributions**

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Lake Elsinore Teachers Association (LETA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, LETA, CSEA, and the unrepresented groups, are based on availability of funds. For the measurement period of June 30, 2025, the District contributed \$11,662,266 to the Plan, of which \$1,662,266 was used for current premiums and \$10,000,000 was used to fund the OPEB Trust.

**Investment**

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2025:

| <u>Asset Class</u>        | <u>Target Allocation</u> |
|---------------------------|--------------------------|
| All US Domestic Stock     | 60%                      |
| Long-Term Corporate Bonds | 40%                      |

**Net OPEB Liability of the District**

The District's net OPEB liability of \$20,761,191 was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The components of the net OPEB liability of the District at June 30, 2025, were as follows:

|   |                      |
|---|----------------------|
| Total OPEB liability  | \$ 30,947,026        |
| Plan fiduciary net position   | <u>(10,185,835)</u>  |
| Net OPEB liability  | <u>\$ 20,761,191</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>32.91%</u>        |

**Actuarial Assumptions**

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

|                             |                                     |
|-----------------------------|-------------------------------------|
| Inflation                   | 2.50%                               |
| Salary increases            | 2.75%, average, including inflation |
| Investment rate of return   | 6.00% for 2025                      |
| Healthcare cost trend rates | 4.00%                               |

The investment rate of return is based on assumed long-term return on the District’s assets. The “Building Block Method” was used. The assessment of long-term returns for the County assets is based on long-term historical returns for surplus funds invested pursuant to California *Government Code* Sections 53601 et seq.

Mortality rates were based on the 2020 CalSTRS Mortality table for certificated employees and the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table for classified employees.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025, (see the discussion of the Plan’s investment policy) are summarized in the following table:

| Asset Class               | Long-Term Expected<br>Real Rate of Return |
|---------------------------|---|
| All US Domestic Stock     | 7.25%                                     |
| Long-Term Corporate Bonds | 4.25%                                     |

**Changes in the Net OPEB Liability**

|   | Increase (Decrease)            |                                       |                                    |
|---|--------------------------------|---------------------------------------|------------------------------------|
|   | Total OPEB<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balance, June 30, 2024                  | \$ 34,321,154                  | \$ -                                  | \$ 34,321,154                      |
| Service cost                            | 2,094,322                      | -                                     | 2,094,322                          |
| Interest                                | 1,357,311                      | 186,160                               | 1,171,151                          |
| Employer contributions                  | -                              | 11,662,266                            | (11,662,266)                       |
| Changes of assumptions and other inputs | (5,163,495)                    | -                                     | (5,163,495)                        |
| Benefit payments                        | (1,662,266)                    | (1,662,266)                           | -                                  |
| Administrative expense                  | -                              | (325)                                 | 325                                |
| Net change in total OPEB liability      | <u>(3,374,128)</u>             | <u>10,185,835</u>                     | <u>(13,559,963)</u>                |
| Balance, June 30, 2025                  | <u>\$ 30,947,026</u>           | <u>\$ 10,185,835</u>                  | <u>\$ 20,761,191</u>               |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 6.00% in 2025.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

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

| Discount Rate                 | Net OPEB<br>Liability |
|-------------------------------|-----------------------|
| 1% decrease (5.00%)           | \$ 23,395,936         |
| Current discount rate (6.00%) | 20,761,191            |
| 1% increase (7.00%)           | 19,125,670            |

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

| Healthcare Cost Trend Rate                 | Net OPEB<br>Liability |
|--|-----------------------|
| 1% decrease (3.00%)                        | \$ 17,378,541         |
| Current healthcare cost trend rate (4.00%) | 20,761,191            |
| 1% increase (5.00%)                        | 24,288,334            |

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$1,884,538. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                            | \$ 1,759,866                              | \$ -                                     |
| Changes of assumptions  | 53,630                                    | 11,573,230                               |
| Net difference between projected and actual earnings on OPEB plan investments | <u>-</u>                                  | <u>148,928</u>                           |
| Total   | <u>\$ 1,813,496</u>                       | <u>\$ 11,722,158</u>                     |

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

| <u>Year Ended<br/>June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|--------------------------------|---|
| 2026                           | \$ (1,682,490)  |
| 2027                           | (1,682,490)   |
| 2028                           | (1,682,490)   |
| 2029                           | (690,123)   |
| 2030                           | (652,891)   |
| Thereafter                     | <u>(3,518,178)</u>                                      |
| Total                          | <u>\$ (9,908,662)</u>                                   |

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2025, the District reported a liability of \$832,583 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, , respectively, was 0.3124%, and 0.3336%, resulting in a net decrease in the proportionate share of 0.0212%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(179,649).

**Actuarial Methods and Assumptions**

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

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

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

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

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

**Discount Rate**

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

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

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

| <u>Discount Rate</u>          | <u>Net OPEB Liability</u> |
|-------------------------------|---------------------------|
| 1% decrease (2.93%)           | \$ 898,336                |
| Current discount rate (3.93%) | 832,583                   |
| 1% increase (4.93%)           | 774,764                   |

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

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

| Medicare Costs Trend Rates  | Net OPEB<br>Liability |
|---|-----------------------|
| 1% decrease (4.00% Part A and 5.50% Part B)                       | \$ 771,299            |
| Current Medicare costs trend rate (5.00% Part A and 6.50% Part B) | 832,583               |
| 1% increase (6.00% Part A and 7.50% Part B)                       | 901,004               |

**Note 13 - Non-Obligatory Debt**

Non-obligatory debt relates to debt issuances issued by the Community Facility Districts (CFDs), as authorized by the Mello-Roos Community Facilities Act of 1982 as amended and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders.

The Community Facilities District Special Tax Bonds currently include several Community Facilities Districts with a remaining balance as of June 30, 2025, of \$94,669,047.

**Note 14 - Fund Balances**

Fund balances are composed of the following elements:

|  | General<br>Fund       | Building<br>Fund     | Non-Major<br>Governmental<br>Funds | Total                 |
|--|-----------------------|----------------------|------------------------------------|-----------------------|
| <b>Nonspendable</b>                      |                       |                      |                                    |                       |
| Revolving cash                           | \$ 26,000             | \$ -                 | \$ -                               | \$ 26,000             |
| Stores inventories                       | 633,240               | -                    | 123,817                            | 757,057               |
| Total nonspendable                       | <u>659,240</u>        | <u>-</u>             | <u>123,817</u>                     | <u>783,057</u>        |
| <b>Restricted</b>                        |                       |                      |                                    |                       |
| Legally restricted programs              | 72,937,625            | -                    | -                                  | 72,937,625            |
| Student activity                         | -                     | -                    | 1,434,509                          | 1,434,509             |
| Adult education                          | -                     | -                    | 780,140                            | 780,140               |
| Child development                        | -                     | -                    | 1,486,674                          | 1,486,674             |
| Food service                             | -                     | -                    | 22,994,828                         | 22,994,828            |
| Capital projects                         | -                     | 40,040,688           | 19,374,238                         | 59,414,926            |
| Debt service                             | -                     | -                    | 19,569,274                         | 19,569,274            |
| Total restricted                         | <u>72,937,625</u>     | <u>40,040,688</u>    | <u>65,639,663</u>                  | <u>178,617,976</u>    |
| <b>Committed</b>                         |                       |                      |                                    |                       |
| Curriculum adoption                      | 10,000,000            | -                    | -                                  | 10,000,000            |
| Declining enrollment stabilization       | 5,000,000             | -                    | -                                  | 5,000,000             |
| Deferred maintenance projects            | 3,500,000             | -                    | -                                  | 3,500,000             |
| Instructional materials                  | 7,000,000             | -                    | -                                  | 7,000,000             |
| Lakeland Village School<br>modernization | 11,863,505            | -                    | -                                  | 11,863,505            |
| Loss mitigation                          | 5,000,000             | -                    | -                                  | 5,000,000             |
| Site safety upgrades                     | 3,148,466             | -                    | -                                  | 3,148,466             |
| Staffing/student enrollment<br>alignment | 10,840,000            | -                    | -                                  | 10,840,000            |
| Technology replacement                   | 8,000,000             | -                    | -                                  | 8,000,000             |
| Workforce liability increase             | 6,668,229             | -                    | -                                  | 6,668,229             |
| Total committed                          | <u>71,020,200</u>     | <u>-</u>             | <u>-</u>                           | <u>71,020,200</u>     |
| <b>Assigned</b>                          |                       |                      |                                    |                       |
| Cash preservation                        | 42,323,061            | -                    | -                                  | 42,323,061            |
| Deferred maintenance                     | 1,499,896             | -                    | -                                  | 1,499,896             |
| Donations                                | 384,344               | -                    | -                                  | 384,344               |
| One-time expenses                        | 457,160               | -                    | -                                  | 457,160               |
| SAFER                                    | 2,961                 | -                    | -                                  | 2,961                 |
| Capital projects                         | -                     | -                    | 18,297,953                         | 18,297,953            |
| Total assigned                           | <u>44,667,422</u>     | <u>-</u>             | <u>18,297,953</u>                  | <u>62,965,375</u>     |
| <b>Unassigned</b>                        |                       |                      |                                    |                       |
| Reserve for economic uncertainties       | 15,351,813            | -                    | -                                  | 15,351,813            |
| Total                                    | <u>\$ 204,636,300</u> | <u>\$ 40,040,688</u> | <u>\$ 84,061,433</u>               | <u>\$ 328,738,421</u> |

**Note 15 - Risk Management**

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2025, the District participated in Self-Insured Schools of California (SISC II) public entity risk pools for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

The District has established a fund to self-insure itself for workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized for the purchase of an insurance product that provided the required coverage. Excess liability coverage for workers' compensation claims is provided through participation in the California Public Entity Insurance Authority (CPEIA).

|   | Workers'<br>Compensation |
|---|--------------------------|
| Liability Balance, July 1, 2023                 | \$ 6,618,000             |
| Claims and changes in estimates                 | 1,888,579                |
| Claims payments                                 | (1,378,579)              |
| Liability Balance, July 1, 2024                 | 7,128,000                |
| Claims and changes in estimates                 | 2,965,096                |
| Claims payments                                 | (1,966,096)              |
| Liability Balance, June 30, 2025                | \$ 8,127,000             |
| Assets available to pay claims at June 30, 2025 | \$ 26,736,369            |

**Employee Medical Benefits**

The District has contracted with the Self-Insured Schools of California III (SISC III) and Riverside Employer/Employee Partnership for Benefits (REEP) to provide employee medical benefits. SISC III and REEP are shared risk pools comprised of local educational agencies. Rates are set through an annual process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

**Note 16 - Employee Retirement Systems**

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

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

| <u>Pension Plan</u> | <u>Net<br/>Pension Liability</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> | <u>Pension Expense</u> |
|---------------------|----------------------------------|---|--|------------------------|
| CalSTRS             | \$ 143,808,665                   | \$ 54,650,751                             | \$ 24,894,940                            | \$ 14,764,517          |
| CalPERS             | 90,667,926                       | 32,391,293                                | 1,605,414                                | 17,105,029             |
| Total               | <u>\$ 234,476,591</u>            | <u>\$ 87,042,044</u>                      | <u>\$ 26,500,354</u>                     | <u>\$ 31,869,546</u>   |

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

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

<https://www.calstrs.com/forms-publications>

**Benefits Provided**

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

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

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

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

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

**Contributions**

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$28,946,036.

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

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

Total net pension liability, including State share:

|  |                              |
|--|------------------------------|
| Proportionate share of net pension liability             | \$ 143,808,665               |
| State's proportionate share of the net pension liability | <u>65,979,910</u>            |
| Total  | <u><u>\$ 209,788,575</u></u> |

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.2141% and 0.2255%, resulting in a net decrease in the proportionate share of 0.0114%.

For the year ended June 30, 2025, the District recognized pension expense of \$14,764,517. In addition, the District recognized pension expense and revenue of \$6,006,699 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date  | \$ 28,946,036                     | \$ -                             |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 8,808,593                         | 8,204,372                        |
| Differences between projected and actual earnings on pension plan investments                                       | -                                 | 580,262                          |
| Differences between expected and actual experience in the measurement of the total pension liability                | 16,266,612                        | 6,288,673                        |
| Changes of assumptions  | 629,510                           | 9,821,633                        |
|   | <u>\$ 54,650,751</u>              | <u>\$ 24,894,940</u>             |
| Total   |                                   |                                  |

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

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

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2026                   | \$ (9,640,523)                                 |
| 2027                   | 11,610,775                                     |
| 2028                   | (947,298)                                      |
| 2029                   | (1,603,216)                                    |
| Total                  | <u>\$ (580,262)</u>                            |

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

| <u>Year Ended<br/>June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|--------------------------------|---|
| 2026                           | \$ 109,273  |
| 2027                           | 472,865   |
| 2028                           | (251,989)   |
| 2029                           | 1,369,905   |
| 2030                           | 1,467,623   |
| Thereafter                     | <u>(1,777,640)</u>                                      |
| Total                          | <u>\$ 1,390,037</u>                                     |

**Actuarial Methods and Assumptions**

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

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

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

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

| Asset Class                | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|--------------------------|--|
| Public equity              | 38%                      | 5.25%                                  |
| Real estate                | 15%                      | 4.05%                                  |
| Private equity             | 14%                      | 6.75%                                  |
| Fixed income               | 14%                      | 2.45%                                  |
| Risk mitigating strategies | 10%                      | 2.25%                                  |
| Inflation sensitive        | 7%                       | 3.65%                                  |
| Cash/liquidity             | 2%                       | 0.1%                                   |

**Discount Rate**

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

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

| Discount Rate                 | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (6.10%)           | \$ 255,788,559        |
| Current discount rate (7.10%) | 143,808,665           |
| 1% increase (8.10%)           | 50,300,808            |

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$16,204,776.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$90,667,926. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.2537% and 0.2628%, resulting in a net decrease in the proportionate share of 0.0091%.

For the year ended June 30, 2025, the District recognized pension expense of \$17,105,029. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date  | \$ 16,204,776                     | \$ -                             |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 3,059,345                         | 956,507                          |
| Differences between projected and actual earnings on pension plan investments                                       | 3,521,925                         | -                                |
| Differences between expected and actual experience in the measurement of the total pension liability                | 7,601,180                         | 648,907                          |
| Changes of assumptions  | 2,004,067                         | -                                |
| Total   | \$ 32,391,293                     | \$ 1,605,414                     |

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

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

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2026                   | \$ (30,360)                                    |
| 2027                   | 5,475,793                                      |
| 2028                   | (809,117)                                      |
| 2029                   | (1,114,391)                                    |
| Total                  | <u>\$ 3,521,925</u>                            |

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

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2026                   | \$ 5,699,644                                   |
| 2027                   | 3,909,363                                      |
| 2028                   | 1,450,171                                      |
| Total                  | <u>\$ 11,059,178</u>                           |

**Actuarial Methods and Assumptions**

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

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

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

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

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

**Discount Rate**

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

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

| <u>Discount Rate</u>          | <u>Net Pension Liability</u> |
|-------------------------------|------------------------------|
| 1% decrease (5.90%)           | \$ 134,687,961               |
| Current discount rate (6.90%) | 90,667,926                   |
| 1% increase (7.90%)           | 54,303,874                   |

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$13,322,717 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Note 17 - Commitments and Contingencies**

**Grants**

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

**Litigation**

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

**Construction Commitments**

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

| <u>Capital Project</u>  | <u>Remaining<br/>Construction<br/>Commitment</u> | <u>Expected<br/>Date of<br/>Completion</u> |
|---|--|--|
| Jean Hayman Site Conversion Phase 3<br>Elsinore ES Admin Building | \$ 2,260,629<br>372,608                          | December 2025<br>November 2025             |
| Total   | <u>\$ 2,633,237</u>                              |  |

**Note 18 - Participation in Public Entity Risk Pools, Joint Power Authorities, and Other Related Party Transactions**

The District is a member of Riverside Schools Insurance Authority (RSIA), Riverside Employer/Employee Partnership for Benefits (REEP), Public Risk Innovation, Solutions, and Management (PRISM), and Self-Insured Schools of California III (SISC III) public entity risk pools. The District pays an annual premium to RSIA, REEP, PRISM, and SISC III for property and liability coverage, medical benefits, excess liability coverage for workers' compensation, and medical benefits, respectively. The payments to REEP are paid to provide additional medical benefits. The relationships between the District, the pools and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2025, the District made payments of \$2,721,838, \$241,040, \$604,621, and \$29,101,328 to RSIA, REEP, PRISM, and SISC III, respectively, for the services noted above.

**Note 19 - Restatement**

*Change in Accounting Principle*

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by \$5,448,472 and \$19,473,547, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| Net position                                       |                                    |
| Beginning, as previously reported on June 30, 2024 | \$ 399,659,897                     |
| Change in accounting principle                     | <u>(24,922,019)</u>                |
| Beginning, as restated on July 1, 2024             | <u><u>\$ 374,737,878</u></u>       |

Required Supplementary Information  
June 30, 2025

## Lake Elsinore Unified School District

Lake Elsinore Unified School District  
Budgetary Comparison Schedule – General Fund  
Year Ended June 30, 2025

|  | Budgeted Amounts      |                       | Actual                | Variances -<br>Positive<br>(Negative) |
|--|-----------------------|-----------------------|-----------------------|---------------------------------------|
|  | Original              | Final                 |                       | Final<br>to Actual                    |
| <b>Revenues</b>                                      |                       |                       |                       |                                       |
| Local Control Funding Formula                        | \$ 272,242,839        | \$ 274,425,007        | \$ 280,039,886        | \$ 5,614,879                          |
| Federal sources                                      | 27,173,346            | 28,835,485            | 25,543,218            | (3,292,267)                           |
| Other State sources                                  | 43,229,988            | 50,400,562            | 48,312,668            | (2,087,894)                           |
| Other local sources                                  | 25,677,563            | 34,206,364            | 41,391,104            | 7,184,740                             |
| Total revenues <sup>1</sup>                          | <u>368,323,736</u>    | <u>387,867,418</u>    | <u>395,286,876</u>    | <u>7,419,458</u>                      |
| <b>Expenditures</b>                                  |                       |                       |                       |                                       |
| Current  |                       |                       |                       |                                       |
| Certificated salaries                                | 157,598,666           | 157,516,572           | 153,098,940           | 4,417,632                             |
| Classified salaries                                  | 55,833,493            | 56,342,178            | 54,273,947            | 2,068,231                             |
| Employee benefits                                    | 88,606,935            | 97,268,063            | 92,650,592            | 4,617,471                             |
| Books and supplies                                   | 21,832,395            | 26,772,566            | 23,101,067            | 3,671,499                             |
| Services and operating expenditures                  | 40,749,213            | 46,662,798            | 46,915,881            | (253,083)                             |
| Other outgo  | (269,900)             | (324,679)             | (752,208)             | 427,529                               |
| Capital outlay                                       | 9,933,972             | 15,647,562            | 15,265,405            | 382,157                               |
| Debt service   |                       |                       |                       |                                       |
| Debt service - principal                             | 771,545               | 809,281               | 1,831,306             | (1,022,025)                           |
| Debt service - interest and other                    | 28,536                | 28,536                | 118,546               | (90,010)                              |
| Total expenditures <sup>1</sup>                      | <u>375,084,855</u>    | <u>400,722,877</u>    | <u>386,503,476</u>    | <u>14,219,401</u>                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(6,761,119)</u>    | <u>(12,855,459)</u>   | <u>8,783,400</u>      | <u>21,638,859</u>                     |
| <b>Other Financing Sources (Uses)</b>                |                       |                       |                       |                                       |
| Other sources - leases                               | -                     | -                     | 2,313,356             | 2,313,356                             |
| Other sources - SBITAs                               | -                     | -                     | 287,853               | 287,853                               |
| Transfers out  | (1,000,000)           | (4,500,000)           | -                     | 4,500,000                             |
| Net Financing Sources (Uses)                         | <u>(1,000,000)</u>    | <u>(4,500,000)</u>    | <u>2,601,209</u>      | <u>7,101,209</u>                      |
| Net Change in Fund Balances                          | (7,761,119)           | (17,355,459)          | 11,384,609            | 28,740,068                            |
| Fund Balance - Beginning                             | <u>193,251,691</u>    | <u>193,251,691</u>    | <u>193,251,691</u>    | <u>-</u>                              |
| Fund Balance - Ending                                | <u>\$ 185,490,572</u> | <u>\$ 175,896,232</u> | <u>\$ 204,636,300</u> | <u>\$ 28,740,068</u>                  |

<sup>1</sup> Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this other fund are included in the Actual (GAAP Basis) revenues and expenditures; however, they are not included in the original and final General Fund budgets.

Lake Elsinore Unified School District  
Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
Year Ended June 30, 2025

|   | 2025                 | 2024                 | 2023                 | 2022                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability  |                      |                      |                      |                      |
| Service cost  | \$ 2,094,322         | \$ 1,911,709         | \$ 1,894,637         | \$ 2,274,204         |
| Interest  | 1,357,311            | 1,228,277            | 1,154,482            | 721,223              |
| Difference between expected and actual experience                       | -                    | 544,078              | -                    | 892,961              |
| Changes of assumptions  | (5,163,495)          | (1,107,903)          | (266,402)            | (3,017,700)          |
| Benefit payments  | (1,662,266)          | (1,901,158)          | (1,603,472)          | (1,313,301)          |
| Net change in total OPEB liability                                      | (3,374,128)          | 675,003              | 1,179,245            | (442,613)            |
| Total OPEB Liability - Beginning  | 34,321,154           | 33,646,151           | 32,466,906           | 32,909,519           |
| Total OPEB Liability - Ending (a)                                       | <u>\$ 30,947,026</u> | <u>\$ 34,321,154</u> | <u>\$ 33,646,151</u> | <u>\$ 32,466,906</u> |
| Plan Fiduciary Net Position   |                      |                      |                      |                      |
| Contributions - employer  | \$ 11,662,266        | \$ -                 | \$ -                 | \$ -                 |
| Net investment income   | 186,160              | -                    | -                    | -                    |
| Benefit payments  | (1,662,266)          | -                    | -                    | -                    |
| Administrative expense  | (325)                | -                    | -                    | -                    |
| Net change in plan fiduciary net position                               | 10,185,835           | -                    | -                    | -                    |
| Plan Fiduciary Net Position - Beginning                                 | -                    | -                    | -                    | -                    |
| Plan Fiduciary Net Position - Ending (b)                                | <u>\$ 10,185,835</u> | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Net OPEB Liability - Ending (a) - (b)                                   | <u>\$ 20,761,191</u> | <u>\$ 34,321,154</u> | <u>\$ 33,646,151</u> | <u>\$ 32,466,906</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 32.91%               | 0.00%                | 0.00%                | 0.00%                |
| Covered Payroll   | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Net OPEB Liability as a Percentage of Covered Payroll                   | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Measurement Date  | June 30, 2025        | June 30, 2024        | June 30, 2023        | June 30, 2022        |

Lake Elsinore Unified School District  
Schedule of Changes in the District's Total Net Liability and Related Ratios  
Year Ended June 30, 2025

|   | 2021                 | 2020                 | 2019                 | 2018                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability  |                      |                      |                      |                      |
| Service cost  | \$ 2,200,093         | \$ 2,134,323         | \$ 2,072,158         | \$ 2,035,331         |
| Interest  | 696,225              | 1,230,122            | 1,334,434            | 1,259,248            |
| Difference between expected and actual experience                       | -                    | 2,124,731            | -                    | -                    |
| Changes of assumptions  | 94,890               | (11,056,034)         | 805,472              | (225,807)            |
| Benefit payments  | (1,256,430)          | (2,485,439)          | (2,079,088)          | (1,952,195)          |
| Net change in total OPEB liability                                      | 1,734,778            | (8,052,297)          | 2,132,976            | 1,116,577            |
| Total OPEB Liability - Beginning  | 31,174,741           | 39,227,038           | 37,094,062           | 35,977,485           |
| Total OPEB Liability - Ending (a)                                       | <u>\$ 32,909,519</u> | <u>\$ 31,174,741</u> | <u>\$ 39,227,038</u> | <u>\$ 37,094,062</u> |
| Plan Fiduciary Net Position   |                      |                      |                      |                      |
| Contributions - employer  | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Net investment income   | -                    | -                    | -                    | -                    |
| Benefit payments  | -                    | -                    | -                    | -                    |
| Administrative expense  | -                    | -                    | -                    | -                    |
| Net change in plan fiduciary net position                               | -                    | -                    | -                    | -                    |
| Plan Fiduciary Net Position - Beginning                                 | -                    | -                    | -                    | -                    |
| Plan Fiduciary Net Position - Ending (b)                                | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Net OPEB Liability - Ending (a) - (b)                                   | <u>\$ 32,909,519</u> | <u>\$ 31,174,741</u> | <u>\$ 39,227,038</u> | <u>\$ 37,094,062</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| Covered Payroll   | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Net OPEB Liability as a Percentage of Covered Payroll                   | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Measurement Date  | June 30, 2021        | June 30, 2020        | June 30, 2019        | June 30, 2018        |

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

| Year ended June 30,  | 2025             | 2024             | 2023             | 2022             |
|--|------------------|------------------|------------------|------------------|
| Proportion of the net OPEB liability   | 0.3124%          | 0.3336%          | 0.3248%          | 0.3145%          |
| Proportionate share of the net OPEB liability  | \$ 832,583       | \$ 1,012,232     | \$ 1,070,015     | \$ 1,254,261     |
| Covered payroll  | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Proportionate share of the net OPEB liability<br>as a percentage of it's covered payroll | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Plan fiduciary net position as a percentage<br>of the total OPEB liability               | (1.02%)          | (0.96%)          | (0.94%)          | (0.80%)          |
| Measurement Date   | June 30, 2024    | June 30, 2023    | June 30, 2022    | June 30, 2021    |
| <br>   |                  |                  |                  |                  |
| Year ended June 30,  | 2021             | 2020             | 2019             | 2018             |
| Proportion of the net OPEB liability   | 0.3197%          | 0.3609%          | 0.3639%          | 0.3530%          |
| Proportionate share of the net OPEB liability  | \$ 1,557,679     | \$ 1,344,070     | \$ 1,392,923     | \$ 1,485,099     |
| Covered payroll  | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Proportionate share of the net OPEB liability<br>as a percentage of it's covered payroll | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Plan fiduciary net position as a percentage<br>of the total OPEB liability               | (0.71%)          | (0.81%)          | (0.40%)          | 0.01%            |
| Measurement Date   | June 30, 2020    | June 30, 2019    | June 30, 2018    | June 30, 2017    |

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

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

Lake Elsinore Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability – CalSTRS  
Year Ended June 30, 2025

| CalSTRS   | 2025                  | 2024                  | 2023                  | 2022                  | 2021                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Proportion of the net pension liability   | 0.2141%               | 0.2255%               | 0.2164%               | 0.2092%               | 0.2109%               |
| Proportionate share of the net pension liability  | \$ 143,808,665        | \$ 171,766,340        | \$ 150,392,795        | \$ 95,201,778         | \$ 204,425,220        |
| State's proportionate share of the net pension liability                                | 65,979,910            | 82,298,084            | 75,316,124            | 47,901,842            | 105,381,225           |
| Total   | <u>\$ 209,788,575</u> | <u>\$ 254,064,424</u> | <u>\$ 225,708,919</u> | <u>\$ 143,103,620</u> | <u>\$ 309,806,445</u> |
| Covered payroll   | <u>\$ 145,264,204</u> | <u>\$ 140,749,377</u> | <u>\$ 124,692,417</u> | <u>\$ 116,779,232</u> | <u>\$ 115,240,889</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 99.00%                | 122.04%               | 120.61%               | 81.52%                | 177.39%               |
| Plan fiduciary net position as a percentage of the total pension liability              | 84%                   | 81%                   | 81%                   | 87%                   | 72%                   |
| Measurement Date  | June 30, 2024         | June 30, 2023         | June 30, 2022         | June 30, 2021         | June 30, 2020         |
|   | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  |
| Proportion of the net pension liability   | 0.2040%               | 0.2027%               | 0.1950%               | 0.1971%               | 0.2050%               |
| Proportionate share of the net pension liability  | \$ 184,267,796        | \$ 186,337,244        | \$ 180,319,104        | \$ 159,424,083        | \$ 138,006,714        |
| State's proportionate share of the net pension liability                                | 100,530,384           | 106,686,787           | 106,675,259           | 90,757,287            | 72,990,338            |
| Total   | <u>\$ 284,798,180</u> | <u>\$ 293,024,031</u> | <u>\$ 286,994,363</u> | <u>\$ 250,181,370</u> | <u>\$ 210,997,052</u> |
| Covered payroll   | <u>\$ 111,779,638</u> | <u>\$ 109,146,833</u> | <u>\$ 103,818,180</u> | <u>\$ 99,515,983</u>  | <u>\$ 95,144,932</u>  |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 164.85%               | 170.72%               | 173.69%               | 160.20%               | 145.05%               |
| Plan fiduciary net position as a percentage of the total pension liability              | 73%                   | 71%                   | 69%                   | 70%                   | 74%                   |
| Measurement Date  | June 30, 2019         | June 30, 2018         | June 30, 2017         | June 30, 2016         | June 30, 2015         |

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

| CalPERS   | 2025          | 2024          | 2023          | 2022          | 2021          |
|---|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability   | 0.2537%       | 0.2628%       | 0.2466%       | 0.2552%       | 0.2519%       |
| Proportionate share of the net pension liability  | \$ 90,667,926 | \$ 95,137,217 | \$ 84,859,064 | \$ 51,901,452 | \$ 77,297,516 |
| Covered payroll   | \$ 56,269,168 | \$ 52,546,330 | \$ 45,116,006 | \$ 37,043,372 | \$ 36,285,574 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 161.13%       | 181.05%       | 188.09%       | 140.11%       | 213.03%       |
| Plan fiduciary net position as a percentage of the total pension liability              | 72%           | 70%           | 70%           | 81%           | 70%           |
| Measurement Date  | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 |
|   | 2020          | 2019          | 2018          | 2017          | 2016          |
| Proportion of the net pension liability   | 0.2529%       | 0.2489%       | 0.2538%       | 0.2514%       | 0.2596%       |
| Proportionate share of the net pension liability  | \$ 73,707,399 | \$ 66,367,461 | \$ 60,597,986 | \$ 49,660,597 | \$ 38,268,587 |
| Covered payroll   | \$ 35,356,694 | \$ 33,877,175 | \$ 31,436,794 | \$ 29,616,266 | \$ 28,980,384 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 208.47%       | 195.91%       | 192.76%       | 167.68%       | 132.05%       |
| Plan fiduciary net position as a percentage of the total pension liability              | 70%           | 71%           | 72%           | 74%           | 79%           |
| Measurement Date  | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |

Lake Elsinore Unified School District  
Schedule of the District's Contributions – CalSTRS  
Year Ended June 30, 2025

| CalSTRS   | 2025                  | 2024                  | 2023                  | 2022                  | 2021                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Contractually required contribution                                       | \$ 28,946,036         | \$ 27,745,463         | \$ 26,883,131         | \$ 21,097,957         | \$ 18,859,846         |
| Less contributions in relation to the contractually required contribution | <u>28,946,036</u>     | <u>27,745,463</u>     | <u>26,883,131</u>     | <u>21,097,957</u>     | <u>18,859,846</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered payroll   | <u>\$ 151,549,927</u> | <u>\$ 145,264,204</u> | <u>\$ 140,749,377</u> | <u>\$ 124,692,417</u> | <u>\$ 116,779,232</u> |
| Contributions as a percentage of covered payroll                          | <u>19.10%</u>         | <u>19.10%</u>         | <u>19.10%</u>         | <u>16.92%</u>         | <u>16.15%</u>         |
|   | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  |
| Contractually required contribution                                       | \$ 19,706,192         | \$ 18,197,725         | \$ 15,749,888         | \$ 13,060,327         | \$ 10,678,065         |
| Less contributions in relation to the contractually required contribution | <u>19,706,192</u>     | <u>18,197,725</u>     | <u>15,749,888</u>     | <u>13,060,327</u>     | <u>10,678,065</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered payroll   | <u>\$ 115,240,889</u> | <u>\$ 111,779,638</u> | <u>\$ 109,146,833</u> | <u>\$ 103,818,180</u> | <u>\$ 99,515,983</u>  |
| Contributions as a percentage of covered payroll                          | <u>17.10%</u>         | <u>16.28%</u>         | <u>14.43%</u>         | <u>12.58%</u>         | <u>10.73%</u>         |

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

| CalPERS   | 2025                 | 2024                 | 2023                 | 2022                 | 2021                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution                                       | \$ 16,204,776        | \$ 15,012,614        | \$ 13,331,004        | \$ 10,336,077        | \$ 7,667,978         |
| Less contributions in relation to the contractually required contribution | <u>16,204,776</u>    | <u>15,012,614</u>    | <u>13,331,004</u>    | <u>10,336,077</u>    | <u>7,667,978</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll   | <u>\$ 59,906,750</u> | <u>\$ 56,269,168</u> | <u>\$ 52,546,330</u> | <u>\$ 45,116,006</u> | <u>\$ 37,043,372</u> |
| Contributions as a percentage of covered payroll                          | <u>27.050%</u>       | <u>26.680%</u>       | <u>25.370%</u>       | <u>22.910%</u>       | <u>20.700%</u>       |
|   | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 |
| Contractually required contribution                                       | \$ 7,155,878         | \$ 6,386,126         | \$ 5,261,464         | \$ 4,365,942         | \$ 3,508,639         |
| Less contributions in relation to the contractually required contribution | <u>7,155,878</u>     | <u>6,386,126</u>     | <u>5,261,464</u>     | <u>4,365,942</u>     | <u>3,508,639</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll   | <u>\$ 36,285,574</u> | <u>\$ 35,356,694</u> | <u>\$ 33,877,175</u> | <u>\$ 31,436,794</u> | <u>\$ 29,616,266</u> |
| Contributions as a percentage of covered payroll                          | <u>19.721%</u>       | <u>18.0620%</u>      | <u>15.5310%</u>      | <u>13.8880%</u>      | <u>11.8470%</u>      |

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedule**

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms in the current year.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the investment rate of return from 3.93% in 2024 to 6.00% in 2025.

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

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

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

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

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

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

### **Schedule of the District's Contributions**

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

Supplementary Information  
June 30, 2025

## Lake Elsinore Unified School District

Lake Elsinore Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title   | Federal Financial<br>Assistance<br>Listing | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|--|--|---|-------------------------|
| U.S. Department of Education   |  |   |                         |
| Passed Through California Department of Education (CDE)  |  |   |                         |
| Adult Secondary Education  | 84.002                                     | 13978   | \$ 281,930              |
| Integrated English Literacy and Civics Education   | 84.002A                                    | 14109   | 202,228                 |
| Adult Basic Education & English Language Acquisition   | 84.002A                                    | 14508   | <u>314,666</u>          |
| Subtotal   |  |   | <u>798,824</u>          |
|  |  |   |                         |
| Title I, Part A, Basic Grants Low Income and Neglected   | 84.010                                     | 14329   | 6,574,638               |
| Title I, School Improvement Funding for LEAs   | 84.010                                     | 15438   | <u>63,251</u>           |
| Subtotal   |  |   | <u>6,637,889</u>        |
|  |  |   |                         |
| Strengthening Career and Technical Education for the 21st Century<br>(Perkins V): Secondary, Section 131 |  |   |                         |
| Title III, English Learner Student Program   | 84.048                                     | 14894   | 205,693                 |
| Title II, Part A, Supporting Effective Instruction   | 84.365                                     | 14346   | 250,985                 |
| Title IV, Part A, Student Support and Academic Enrichment  | 84.367                                     | 14341   | 665,655                 |
|  | 84.424                                     | 15396   | 471,365                 |
|  |  |   |                         |
| Education Stabilization Fund   |  |   |                         |
| COVID-19 Elementary and Secondary School Emergency Relief III<br>(ESSER III) Fund                        | 84.425U                                    | 15559   | 11,941,268              |
| COVID-19 ESSER III State Reserve Learning Loss   | 84.425U                                    | 15621   | 143,511                 |
| COVID-19 American Rescue Plan – Homeless Children and Youth II<br>(ARP HCY II)                           | 84.425W                                    | 15566   | <u>135,301</u>          |
| Subtotal   |  |   | <u>12,220,080</u>       |
|  |  |   |                         |
| Passed Through Riverside County SELPA  |  |   |                         |
| Special Education (IDEA) Cluster   |  |   |                         |
| Basic Local Assistance Entitlement, Part B, Sec 611  | 84.027                                     | 13379   | 4,572,797               |
| Mental Health Allocation Plan, Part B, Sec 611   | 84.027A                                    | 15197   | <u>322,115</u>          |
| Subtotal   |  |   | <u>4,894,912</u>        |
|  |  |   |                         |
| Preschool Grants, Part B, Sec 619  | 84.173                                     | 13430   | 88,908                  |
| Preschool Staff Development, Part B, Sec 619   | 84.173A                                    | 13431   | <u>932</u>              |
| Subtotal   |  |   | <u>89,840</u>           |
|  |  |   |                         |
| Total Special Education (IDEA) Cluster   |  |   | <u>4,984,752</u>        |
| Total U.S. Department of Education   |  |   | <u>26,235,243</u>       |

Lake Elsinore Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title   | Federal Financial<br>Assistance<br>Listing | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|--|--|---|-------------------------|
| U.S. Department of Health and Human Services Human Services<br>Passed Through Riverside County Office of Education |  |   |                         |
| Head Start Cluster   |  |   |                         |
| Early Head Start   | 93.600                                     | 10016   | \$ 109,886              |
| Head Start   | 93.600                                     | 10016   | <u>1,252,332</u>        |
| Total Head Start Cluster   |  |   | <u>1,362,218</u>        |
| Child Care and Development Fund Cluster  |  |   |                         |
| COVID-19 ARP California State Preschool Program One-time Stipend   | 93.575                                     | 15640   | 5,733                   |
| COVID-19 ARP California State Preschool Program - Rate Supplements   | 93.575                                     | 15641   | <u>10,530</u>           |
| Total Child Care and Development Fund Cluster  |  |   | <u>16,263</u>           |
| Total U.S. Department of Health and<br>Human Services Human Services   |  |   | <u>1,378,481</u>        |
| U.S. Department of Defense   |  |   |                         |
| Junior Reserve Office Training Corps   | 12.000                                     | [1]   | <u>95,977</u>           |
| Total U.S. Department of Defense   |  |   | <u>95,977</u>           |
| U.S. Department of Agriculture   |  |   |                         |
| Passed Through CDE   |  |   |                         |
| Child Nutrition Cluster  |  |   |                         |
| School Lunch - Section 4   | 10.555                                     | 13523   | 1,207,244               |
| Commodities  | 10.555                                     | 13524   | 923,959                 |
| School Lunch - Section 11  | 10.555                                     | 13524   | 7,019,910               |
| Meal Supplements   | 10.555                                     | 13755   | 327,758                 |
| Supply Chain Assistance Funds  | 10.555                                     | 15655   | <u>568,117</u>          |
| Subtotal   |  |   | <u>10,046,988</u>       |
| School Breakfast Needy   | 10.553                                     | 13526   | 2,711,327               |
| Fresh Fruit and Vegetable Program  | 10.582                                     | 14968   | <u>209,278</u>          |
| Total Child Nutrition Cluster  |  |   | <u>12,967,593</u>       |
| NSLP Equipment Assistance Grants   | 10.579                                     | 14906   | 10,000                  |
| Forest Service Schools and Roads Cluster   |  |   |                         |
| Forest Reserve   | 10.665                                     | 10044   | <u>10,822</u>           |
| Total Forest Service Schools and Roads Cluster   |  |   | <u>10,822</u>           |
| Total U.S. Department of Agriculture   |  |   | <u>12,988,415</u>       |
| Total Federal Financial Assistance   |  |   | <u>\$ 40,698,116</u>    |

[1] Direct funded, no PCA number

Lake Elsinore Unified School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2025

|   | Final Report                       |                             |
|---|------------------------------------|-----------------------------|
|   | Second Period<br>Report<br>6901B9D | Annual<br>Report<br>E0805B2 |
| Regular ADA   |                                    |                             |
| Transitional kindergarten through third                                   | 5,735.62                           | 5,747.24                    |
| Fourth through sixth  | 4,306.69                           | 4,307.15                    |
| Seventh and eighth  | 2,925.77                           | 2,925.68                    |
| Ninth through twelfth   | 6,042.41                           | 5,937.83                    |
| Total Regular ADA   | <u>19,010.49</u>                   | <u>18,917.90</u>            |
| Extended Year Special Education   |                                    |                             |
| Transitional kindergarten through third                                   | 9.41                               | 9.41                        |
| Fourth through sixth  | 3.70                               | 3.70                        |
| Seventh and eighth  | 1.87                               | 1.87                        |
| Ninth through twelfth   | 6.86                               | 6.86                        |
| Total Extended Year Special Education                                     | <u>21.84</u>                       | <u>21.84</u>                |
| Special Education, Nonpublic, Nonsectarian Schools                        |                                    |                             |
| Transitional kindergarten through third                                   | 2.57                               | 2.63                        |
| Fourth through sixth  | 2.96                               | 3.18                        |
| Seventh and eighth  | 1.69                               | 1.78                        |
| Ninth through twelfth   | 11.57                              | 11.21                       |
| Total Special Education, Nonpublic,<br>Nonsectarian Schools               | <u>18.79</u>                       | <u>18.80</u>                |
| Extended Year Special Education, Nonpublic,<br>Nonsectarian Schools       |                                    |                             |
| Transitional kindergarten through third                                   | 0.08                               | 0.08                        |
| Fourth through sixth  | 0.23                               | 0.23                        |
| Seventh and eighth  | 0.11                               | 0.11                        |
| Ninth through twelfth   | 1.75                               | 1.75                        |
| Total Extended Year Special Education,<br>Nonpublic, Nonsectarian Schools | <u>2.17</u>                        | <u>2.17</u>                 |
| Total ADA   | <u><u>19,053.29</u></u>            | <u><u>18,960.71</u></u>     |

Lake Elsinore Unified School District  
 Schedule of Instructional Time  
 Year Ended June 30, 2025

| Grade Level   | 1986-1987<br>Minutes<br>Requirement | 2024-2025<br>Actual<br>Minutes | Number of<br>Minutes Credited<br>Form J-13A * | Total<br>Minutes<br>Offered | Traditional Calendar        |  |                          | Multitrack Calendar         |  |                          | Status   |
|---------------|-------------------------------------|--------------------------------|---|-----------------------------|-----------------------------|--|--------------------------|-----------------------------|--|--------------------------|----------|
|               |                                     |                                |   |                             | Number of<br>Actual<br>Days | Number of<br>Days Credited<br>Form J-13A * | Total<br>Days<br>Offered | Number of<br>Actual<br>Days | Number of<br>Days Credited<br>Form J-13A | Total<br>Days<br>Offered |          |
| Kindergarten  | 36,000                              | 35,200                         | 800   | 36,000                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grades 1 - 3  | 50,400                              |                                |   |                             |                             |  |                          |                             |  |                          |          |
| Grade 1       |                                     | 49,280                         | 1,120   | 50,400                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 2       |                                     | 49,280                         | 1,120   | 50,400                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 3       |                                     | 49,280                         | 1,120   | 50,400                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grades 4 - 8  | 54,000                              |                                |   |                             |                             |  |                          |                             |  |                          |          |
| Grade 4       |                                     | 52,800                         | 1,200   | 54,000                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 5       |                                     | 52,800                         | 1,200   | 54,000                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 6       |                                     | 54,384                         | 1,236   | 55,620                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 7       |                                     | 54,384                         | 1,236   | 55,620                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 8       |                                     | 54,384                         | 1,236   | 55,620                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grades 9 - 12 | 64,800                              |                                |   |                             |                             |  |                          |                             |  |                          |          |
| Grade 9       |                                     | 63,835                         | 1,455   | 65,290                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 10      |                                     | 63,835                         | 1,455   | 65,290                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 11      |                                     | 63,835                         | 1,455   | 65,290                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |
| Grade 12      |                                     | 63,835                         | 1,455   | 65,290                      | 176                         | 4  | 180                      | N/A                         | N/A                                      | N/A                      | Complied |

\* The District received an approved J-13A for 800 minutes for Kindergarten, 1,120 minutes for grades 1-3, 1,200 minutes for grades 4-5, 1,236 minutes for grades 6-8, and 1,455 minutes for grades 9-12 and for four days.

Lake Elsinore Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2025

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

Lake Elsinore Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2025

|   | (Budget)<br>2026 <sup>1</sup> | 2025                  | 2024 <sup>1</sup>     | 2023 <sup>1</sup>     |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| General Fund <sup>3</sup>                         |                               |                       |                       |                       |
| Revenues  | \$ 369,838,145                | \$ 395,200,294        | \$ 391,609,426        | \$ 378,431,769        |
| Other sources                                     | -                             | 2,601,209             | 1,457,762             | -                     |
| Total revenues and other sources                  | <u>369,838,145</u>            | <u>397,801,503</u>    | <u>393,067,188</u>    | <u>378,431,769</u>    |
| Expenditures                                      | 378,140,441                   | 381,639,601           | 354,171,906           | 318,034,424           |
| Other uses  | 4,500,000                     | 4,756,941             | 3,186,826             | 1,238,509             |
| Total expenditures and other uses                 | <u>382,640,441</u>            | <u>386,396,542</u>    | <u>357,358,732</u>    | <u>319,272,933</u>    |
| Increase/(Decrease) in Fund Balance               | <u>(12,802,296)</u>           | <u>11,404,961</u>     | <u>35,708,456</u>     | <u>60,082,907</u>     |
| Ending Fund Balance                               | <u>\$ 190,334,108</u>         | <u>\$ 203,136,404</u> | <u>\$ 191,731,443</u> | <u>\$ 156,022,987</u> |
| Available Reserves <sup>2</sup>                   | <u>\$ 14,851,754</u>          | <u>\$ 15,351,813</u>  | <u>\$ 14,236,039</u>  | <u>\$ 12,733,954</u>  |
| Available Reserves as a Percentage of Total Outgo | <u>3.88%</u>                  | <u>3.97%</u>          | <u>3.98%</u>          | <u>3.99%</u>          |
| Long-Term Liabilities <sup>4</sup>                | <u>N/A</u>                    | <u>\$ 436,261,196</u> | <u>\$ 427,621,591</u> | <u>\$ 382,047,189</u> |
| K-12 Average Daily Attendance at P-2              | <u>18,768</u>                 | <u>19,053</u>         | <u>19,205</u>         | <u>19,021</u>         |

The General Fund balance has increased by \$47,113,417 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$12,802,296 (6.30%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by \$54,214,007 over the past two years.

Average daily attendance has increased by 32 over the past two years. However, a decline of 285 ADA is anticipated during fiscal year 2025-2026.

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

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

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund (Fund 14) as required by GASB Statement No. 54.

<sup>4</sup> Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 19 for further information.

Lake Elsinore Unified School District  
Schedule of Charter Schools  
Year Ended June 30, 2025

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| <u>Name of Charter School</u>                 | <u>Charter Number</u> | <u>Included in Audit Report</u> |
|---|-----------------------|---------------------------------|
| Sycamore Academy of Science and Cultural Arts | 1118                  | No                              |

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

|  | Student<br>Activity<br>Fund | Adult<br>Education<br>Fund | Child<br>Development<br>Fund | Cafeteria<br>Fund           | Capital<br>Facilities<br>Fund | County School<br>Facilities<br>Fund |
|--|-----------------------------|----------------------------|------------------------------|-----------------------------|-------------------------------|-------------------------------------|
| <b>Assets</b>                                  |                             |                            |                              |                             |                               |                                     |
| Deposits and investments                       | \$ 1,417,817                | \$ 704,046                 | \$ 2,610,219                 | \$ 20,300,749               | \$ 11,672,286                 | \$ 813,395                          |
| Receivables                                    | 17,302                      | 447,094                    | 1,306,737                    | 4,641,992                   | 635,404                       | 9,092                               |
| Due from other funds                           | -                           | -                          | -                            | -                           | -                             | -                                   |
| Stores inventories                             | -                           | -                          | -                            | 123,817                     | -                             | -                                   |
| <b>Total assets</b>                            | <b><u>\$ 1,435,119</u></b>  | <b><u>\$ 1,151,140</u></b> | <b><u>\$ 3,916,956</u></b>   | <b><u>\$ 25,066,558</u></b> | <b><u>\$ 12,307,690</u></b>   | <b><u>\$ 822,487</u></b>            |
| <b>Liabilities and Fund Balances</b>           |                             |                            |                              |                             |                               |                                     |
| <b>Liabilities</b>                             |                             |                            |                              |                             |                               |                                     |
| Accounts payable                               | \$ 610                      | \$ 13,864                  | \$ 892,911                   | \$ 948,698                  | \$ 102,227                    | \$ -                                |
| Due to other funds                             | -                           | 357,136                    | 830,404                      | 937,041                     | 14                            | 801,790                             |
| Unearned revenue                               | -                           | -                          | 706,967                      | 62,174                      | -                             | -                                   |
| <b>Total liabilities</b>                       | <b><u>610</u></b>           | <b><u>371,000</u></b>      | <b><u>2,430,282</u></b>      | <b><u>1,947,913</u></b>     | <b><u>102,241</u></b>         | <b><u>801,790</u></b>               |
| <b>Fund Balances</b>                           |                             |                            |                              |                             |                               |                                     |
| Nonspendable                                   | -                           | -                          | -                            | 123,817                     | -                             | -                                   |
| Restricted                                     | 1,434,509                   | 780,140                    | 1,486,674                    | 22,994,828                  | 12,205,449                    | 20,697                              |
| Assigned                                       | -                           | -                          | -                            | -                           | -                             | -                                   |
| <b>Total fund balances</b>                     | <b><u>1,434,509</u></b>     | <b><u>780,140</u></b>      | <b><u>1,486,674</u></b>      | <b><u>23,118,645</u></b>    | <b><u>12,205,449</u></b>      | <b><u>20,697</u></b>                |
| <b>Total liabilities<br/>and fund balances</b> | <b><u>\$ 1,435,119</u></b>  | <b><u>\$ 1,151,140</u></b> | <b><u>\$ 3,916,956</u></b>   | <b><u>\$ 25,066,558</u></b> | <b><u>\$ 12,307,690</u></b>   | <b><u>\$ 822,487</u></b>            |

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

|  | Special Reserve<br>Fund for Capital<br>Outlay Projects | Capital Projects<br>Fund for Blended<br>Component<br>Units | Bond<br>Interest and<br>Redemption<br>Fund | Debt Service<br>Fund for Blended<br>Component<br>Units | Total<br>Non-Major<br>Governmental<br>Funds |
|--|--|--|--|--|---|
| <b>Assets</b>                          |  |  |  |  |   |
| Deposits and investments               | \$ 17,412,532  | \$ 7,123,607   | \$ 8,962,609                               | \$ 10,606,665  | \$ 81,623,925                               |
| Receivables                            | 177,083  | -  | -  | -  | 7,234,704                                   |
| Due from other funds                   | 801,790  | -  | -  | -  | 801,790                                     |
| Stores inventories                     | -  | -  | -  | -  | 123,817                                     |
|  | <u>                    </u>                            | <u>                    </u>                                | <u>                    </u>                | <u>                    </u>                            | <u>                    </u>                 |
| Total assets                           | <u>\$ 18,391,405</u>                                   | <u>\$ 7,123,607</u>  | <u>\$ 8,962,609</u>                        | <u>\$ 10,606,665</u>                                   | <u>\$ 89,784,236</u>                        |
| <b>Liabilities and Fund Balances</b>   |  |  |  |  |   |
| <b>Liabilities</b>                     |  |  |  |  |   |
| Accounts payable                       | \$ 68,967  | \$ -   | \$ -                                       | \$ -   | \$ 2,027,277                                |
| Due to other funds                     | -  | -  | -  | -  | 2,926,385                                   |
| Unearned revenue                       | -  | -  | -  | -  | 769,141                                     |
|  | <u>                    </u>                            | <u>                    </u>                                | <u>                    </u>                | <u>                    </u>                            | <u>                    </u>                 |
| Total liabilities                      | <u>68,967</u>  | <u>-</u>   | <u>-</u>                                   | <u>-</u>   | <u>5,722,803</u>                            |
| <b>Fund Balances</b>                   |  |  |  |  |   |
| Nonspendable                           | -  | -  | -  | -  | 123,817                                     |
| Restricted                             | 24,485   | 7,123,607  | 8,962,609                                  | 10,606,665   | 65,639,663                                  |
| Assigned                               | 18,297,953   | -  | -  | -  | 18,297,953                                  |
|  | <u>                    </u>                            | <u>                    </u>                                | <u>                    </u>                | <u>                    </u>                            | <u>                    </u>                 |
| Total fund balances                    | <u>18,322,438</u>                                      | <u>7,123,607</u>   | <u>8,962,609</u>                           | <u>10,606,665</u>                                      | <u>84,061,433</u>                           |
| Total liabilities<br>and fund balances | <u>\$ 18,391,405</u>                                   | <u>\$ 7,123,607</u>  | <u>\$ 8,962,609</u>                        | <u>\$ 10,606,665</u>                                   | <u>\$ 89,784,236</u>                        |

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

|   | Student<br>Activity<br>Fund | Adult<br>Education<br>Fund | Child<br>Development<br>Fund | Cafeteria<br>Fund    | Capital<br>Facilities<br>Fund | County School<br>Facilities<br>Fund |
|---|-----------------------------|----------------------------|------------------------------|----------------------|-------------------------------|-------------------------------------|
| <b>Revenues</b>                                   |                             |                            |                              |                      |                               |                                     |
| Federal sources                                   | \$ -                        | \$ 798,824                 | \$ 1,361,950                 | \$ 12,977,593        | \$ -                          | \$ -                                |
| Other State sources                               | -                           | 1,015,366                  | 5,779,217                    | 6,203,617            | 20,253                        | -                                   |
| Other local sources                               | 2,135,239                   | 10,538                     | 60,480                       | 211,356              | 5,878,480                     | 12,151                              |
| Total revenues                                    | <u>2,135,239</u>            | <u>1,824,728</u>           | <u>7,201,647</u>             | <u>19,392,566</u>    | <u>5,898,733</u>              | <u>12,151</u>                       |
| <b>Expenditures</b>                               |                             |                            |                              |                      |                               |                                     |
| <b>Current</b>                                    |                             |                            |                              |                      |                               |                                     |
| Instruction                                       | -                           | 1,303,965                  | 4,376,528                    | -                    | -                             | -                                   |
| Instruction-related activities                    |                             |                            |                              |                      |                               |                                     |
| Supervision of instruction                        | -                           | -                          | 1,326,139                    | -                    | -                             | -                                   |
| School site administration                        | -                           | 496,709                    | -                            | -                    | -                             | -                                   |
| Pupil services                                    |                             |                            |                              |                      |                               |                                     |
| Food services                                     | -                           | -                          | 8,987                        | 14,942,510           | -                             | -                                   |
| All other pupil services                          | -                           | -                          | 81,000                       | -                    | -                             | -                                   |
| Administration                                    |                             |                            |                              |                      |                               |                                     |
| All other administration                          | -                           | 56,955                     | 105,990                      | 449,329              | 1,003,275                     | -                                   |
| Plant services                                    | -                           | -                          | 586,811                      | 96,645               | 44,277                        | -                                   |
| Ancillary services                                | 2,053,641                   | -                          | -                            | -                    | -                             | -                                   |
| Community services                                | -                           | -                          | 424,189                      | -                    | -                             | -                                   |
| Facility acquisition and construction             | -                           | -                          | 11,197                       | -                    | 1,084,053                     | -                                   |
| Debt service                                      |                             |                            |                              |                      |                               |                                     |
| Principal   | -                           | 555                        | -                            | -                    | 54,462                        | -                                   |
| Interest and other                                | -                           | -                          | -                            | -                    | 638                           | -                                   |
| Total expenditures                                | <u>2,053,641</u>            | <u>1,858,184</u>           | <u>6,920,841</u>             | <u>15,488,484</u>    | <u>2,186,705</u>              | <u>-</u>                            |
| Excess (Deficiency) of Revenues Over Expenditures | <u>81,598</u>               | <u>(33,456)</u>            | <u>280,806</u>               | <u>3,904,082</u>     | <u>3,712,028</u>              | <u>12,151</u>                       |
| <b>Other Financing Sources</b>                    |                             |                            |                              |                      |                               |                                     |
| Other sources - SBITAs                            | -                           | 3,065                      | -                            | -                    | 100,079                       | -                                   |
| Other sources - premium on issuance of GO Bonds   | -                           | -                          | -                            | -                    | -                             | -                                   |
| Total Financing Sources                           | <u>-</u>                    | <u>3,065</u>               | <u>-</u>                     | <u>-</u>             | <u>100,079</u>                | <u>-</u>                            |
| Net Change in Fund Balances                       | 81,598                      | (30,391)                   | 280,806                      | 3,904,082            | 3,812,107                     | 12,151                              |
| Fund Balance - Beginning                          | <u>1,352,911</u>            | <u>810,531</u>             | <u>1,205,868</u>             | <u>19,214,563</u>    | <u>8,393,342</u>              | <u>8,546</u>                        |
| Fund Balance - Ending                             | <u>\$ 1,434,509</u>         | <u>\$ 780,140</u>          | <u>\$ 1,486,674</u>          | <u>\$ 23,118,645</u> | <u>\$ 12,205,449</u>          | <u>\$ 20,697</u>                    |

Lake Elsinore Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2025

|  | Special Reserve<br>Fund for Capital<br>Outlay Projects | Capital Projects<br>Fund for Blended<br>Component<br>Units | Bond<br>Interest and<br>Redemption<br>Fund | Debt Service<br>Fund for Blended<br>Component<br>Units | Total<br>Non-Major<br>Governmental<br>Funds |
|--|--|--|--|--|---|
| <b>Revenues</b>  |  |  |  |  |   |
| Federal sources  | \$ -   | \$ -   | \$ -                                       | \$ -   | \$ 15,138,367                               |
| Other State sources                                      | 776,530  | -  | 19,917                                     | -  | 13,814,900                                  |
| Other local sources                                      | 1,014,451  | 412,512  | 4,087,603                                  | 5,628,573  | 19,451,383                                  |
| <b>Total revenues</b>                                    | <b>1,790,981</b>                                       | <b>412,512</b>   | <b>4,107,520</b>                           | <b>5,628,573</b>                                       | <b>48,404,650</b>                           |
| <b>Expenditures</b>                                      |  |  |  |  |   |
| <b>Current</b>   |  |  |  |  |   |
| Instruction  | -  | -  | -  | -  | 5,680,493                                   |
| Instruction-related activities                           |  |  |  |  |   |
| Supervision of instruction                               | -  | -  | -  | -  | 1,326,139                                   |
| School site administration                               | -  | -  | -  | -  | 496,709                                     |
| Pupil services   |  |  |  |  |   |
| Food services  | -  | -  | -  | -  | 14,951,497                                  |
| All other pupil services                                 | -  | -  | -  | -  | 81,000                                      |
| Administration   |  |  |  |  |   |
| All other administration                                 | -  | -  | -  | -  | 1,615,549                                   |
| Plant services   | -  | -  | -  | -  | 727,733                                     |
| Ancillary services                                       | -  | -  | -  | -  | 2,053,641                                   |
| Community services                                       | -  | -  | -  | -  | 424,189                                     |
| Facility acquisition and construction                    | 1,151,957  | 713,441  | -  | -  | 2,960,648                                   |
| Debt service   |  |  |  |  |   |
| Principal  | -  | 6,406  | 485,000                                    | 1,985,000  | 2,531,423                                   |
| Interest and other                                       | -  | 594  | 2,271,040                                  | 2,082,398  | 4,354,670                                   |
| <b>Total expenditures</b>                                | <b>1,151,957</b>                                       | <b>720,441</b>   | <b>2,756,040</b>                           | <b>4,067,398</b>                                       | <b>37,203,691</b>                           |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <b>639,024</b>   | <b>(307,929)</b>   | <b>1,351,480</b>                           | <b>1,561,175</b>                                       | <b>11,200,959</b>                           |
| <b>Other Financing Sources</b>                           |  |  |  |  |   |
| Other sources - SBITAs                                   | -  | -  | -  | -  | 103,144                                     |
| Other sources - premium on issuance of GO Bonds          | -  | -  | 1,674,894                                  | -  | 1,674,894                                   |
| <b>Total Financing Sources</b>                           | <b>-</b>   | <b>-</b>   | <b>1,674,894</b>                           | <b>-</b>   | <b>1,778,038</b>                            |
| <b>Net Change in Fund Balances</b>                       | <b>639,024</b>   | <b>(307,929)</b>   | <b>3,026,374</b>                           | <b>1,561,175</b>                                       | <b>12,978,997</b>                           |
| Fund Balance - Beginning                                 | 17,683,414   | 7,431,536  | 5,936,235                                  | 9,045,490  | 71,082,436                                  |
| <b>Fund Balance - Ending</b>                             | <b>\$ 18,322,438</b>                                   | <b>\$ 7,123,607</b>  | <b>\$ 8,962,609</b>                        | <b>\$ 10,606,665</b>                                   | <b>\$ 84,061,433</b>                        |

## Note 1 - Purpose of Schedules

### Schedule of Expenditures of Federal Awards (SEFA)

#### Basis of Presentation

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

#### Summary of Significant Accounting Policies

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

#### Indirect Cost Rate

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

#### Food Donation

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

### Schedule of Average Daily Attendance (ADA)

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

### Schedule of Instructional Time

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

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

### **Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

### **Schedule of Charter Schools**

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

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

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

Other Information  
June 30, 2025

## Lake Elsinore Unified School District

**ORGANIZATION**

The District was formed through a unification vote during 1987-1988. The District conducts a transitional kindergarten through twelfth grade educational program for approximately 21,000 students through thirteen K-5 schools, two K-8 schools, four grades 6-8 schools, three traditional high schools, a continuation high school, an independent study school, and an adult education school. The District is located in Riverside County, and occupies the southern region of Corona, western region of Perris, and the cities of Lake Elsinore, Wildomar, and Canyon Lake. There were no boundary changes during the year.

**GOVERNING BOARD**

| <u>MEMBER</u>       | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|---------------------|---------------|---------------------|
| Heidi Matthies Dodd | President     | 2026                |
| April Purkiss       | Clerk         | 2026                |
| Juan Saucedo        | Member        | 2028                |
| Jill Leonard        | Member        | 2026                |
| Mike Pacheco        | Member        | 2028                |

**ADMINISTRATION**

| <u>NAME</u>         | <u>TITLE</u>   |
|---------------------|--|
| Dr. Ryan Lewis      | Superintendent   |
| Dr. Sarah Ragusa    | Assistant Superintendent, Instructional Support Services |
| Julie Edmunds       | Assistant Superintendent, Fiscal Support Services        |
| Dr. Tricia Thompson | Assistant Superintendent, Student Support Services       |
| Tracy Sepulveda     | Assistant Superintendent, Personnel Support Services     |

Independent Auditor's Reports  
June 30, 2025

# Lake Elsinore Unified School District



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

To the Governing Board  
Lake Elsinore Unified School District  
Lake Elsinore, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Elsinore Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 4, 2025.

***Adoption of New Accounting Standard***

As discussed in Note 19 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated December 4, 2025.

### **District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit 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 cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
December 4, 2025



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

To the Governing Board  
Lake Elsinore Unified School District  
Lake Elsinore, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

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

Rancho Cucamonga, California  
December 4, 2025



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

To the Governing Board  
Lake Elsinore Unified School District  
Lake Elsinore, California

### **Report on Compliance**

#### ***Opinion on State Compliance***

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

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

#### ***Basis for Opinion***

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

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

#### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

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

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002. Our opinion on state compliance is not modified with respect to this matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance finding 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 compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a significant deficiency.

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

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

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



Rancho Cucamonga, California  
December 4, 2025

Schedule of Findings and Questioned Costs  
June 30, 2025

# Lake Elsinore Unified School District

**Financial Statements**

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

**Federal Awards**

|  |               |
|--|---------------|
| Internal control over major program  |               |
| Material weaknesses identified   | No            |
| Significant deficiencies identified not considered to be material weaknesses                                       | None Reported |
| Type of auditor's report issued on compliance for major programs   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a) | No            |

**Identification of major programs**

| <u>Name of Federal Program or Cluster</u>                                      |                                  |
|--|----------------------------------|
| Special Education (IDEA) Cluster   | 84.027, 84.027A, 84.173, 84.173A |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425U                          |
| COVID-19 ESSER III State Reserve Learning Loss                                 | 84.425U                          |
| COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)    | 84.425W                          |
| Head Start Cluster   | 93.600                           |
| Dollar threshold used to distinguish between type A and type B programs        | \$1,220,943                      |
| Auditee qualified as low-risk auditee?   | No                               |

**State Compliance**

|  |            |
|--|------------|
| Internal control over state compliance programs                              |            |
| Material weaknesses identified   | No         |
| Significant deficiencies identified not considered to be material weaknesses | Yes        |
| Other matters to be reported   | Yes        |
| Type of auditor's report issued on compliance for programs                   | Unmodified |

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

|                 |                      |
|-----------------|----------------------|
| Five Digit Code | AB 3627 Finding Type |
| 30000           | Internal Control     |

**2025-001      30000 – Internal Control over Financial Reporting (Material Weakness)**

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District’s financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Conditions

During the course of our engagement, we identified material misclassifications of balances presented within the District’s Cafeteria Non-Major Governmental Fund, as reported on the 2024-2025 unaudited financial statements. The description of the misstatements are as follows:

- Overstatement of cash in banks of \$1,703,645 and corresponding understatement of receivables of \$1,703,645 related to back-dating of deposits in error in the cafeteria financial accounting software.
- Overstatement of receivables of \$7,317,591 and corresponding understatement of cash collections awaiting deposit of \$7,317,591 related to lack of timely deposits of checks received for federal and state claims reimbursements.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District’s 2024-2025 unaudited financial statements.

Cause

The cause of the condition identified appears to be due to timing differences that result from the Cafeteria Non-Major Governmental Fund’s financial statements being reported in a separate financial accounting software from the rest of the District’s funds.

Effect

The effect of this error resulted in misclassifications that were not detected or prevented by the District's internal control. As reported in the 2024-2025 financial statements, the District's Cafeteria Non-Major Governmental Fund assets were misclassified as noted in the condition above.

Repeat Finding

Yes; see prior year finding 2024-001.

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for revenues and to ensure that all activities are recorded in the financial statements in the proper accounts. Due to the off-books nature of the District's Cafeteria Non-Major Governmental Fund, additional reconciliation procedures related to balances in this fund are required.

Corrective Action Plan and Views of Responsible Officials

The District is exploring the feasibility of incorporating the Cafeteria Fund into the District's financial system, Galaxy. Currently the Cafeteria Fund operates in an independent financial system, leading to discrepancies in process that requires additional coordination and oversight. Once incorporated into the District's financial system, Cafeteria Fund accounts receivables will be incorporated into the District's standard receipting process.

None reported.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

| Five Digit Code | AB 3627 Finding Type |
|-----------------|----------------------|
| 40000           | State Compliance     |

**2025-002      40000 – After School Education and Safety Program (Significant Deficiency, Noncompliance)**

Criteria

California *Education Code* Section 8483(a)(1) states that every after-school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after-school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program.

Condition

While verifying the total students served at a sample of school sites for the after school program, discrepancies were noted between the total number of students served per the attendance detail and the number of students served per the daily sign-in sheets.

Cause

The condition appears to have materialized as a result of inadequate internal controls over compliance related to review of the compiled attendance information that was submitted to the California Department of Education (CDE).

Effect

The District was not compliant with California *Education Code* Sections 8483(a)(1) for the 2024-2025 fiscal year.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Repeat Finding

No.

#### Recommendation

The District should review procedures related to reporting the number of students served to the CDE to ensure accurate attendance reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

#### Corrective Action Plan and Views of Responsible Officials

A revised process for compliant monthly monitoring of ASES attendance has been developed. The process was developed in collaboration between the Business Services Division and the Instructional Support Services Division. The Expanded Learning Department, of the Instructional Support Services Division, is responsible for tracking and reporting ASES attendance under the new process. Pertinent employees have been trained, and the revised process is fully implemented.

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

***Financial Statements Findings***

**2024-001      30000 – Internal Control over Financial Reporting (Material Weakness)**

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified material misstatements and misclassifications of balances presented within the District's Cafeteria Non-Major Governmental Fund, as reported on the 2023-2024 unaudited financial statements. The description of the misstatements are as follows:

- Overstatement of federal revenue and food service expenditures of \$101,913 related to certain state grant reimbursements from the District's General Fund which should have been recorded as abatement of food service expenditures in the Cafeteria Non-Major Governmental Fund
- Overstatement of receivables of \$181,960 and corresponding understatement of cash in county treasury and cash collections awaiting deposit of \$150,690 and \$31,270, respectively, related to timing differences in transfers between the General Fund and Cafeteria Non-Major Governmental Fund due to the off-books nature of the Cafeteria Non-Major Governmental Fund
- Understatement of unearned revenues and cash in county treasury of \$568,117 related to timing differences in recordings between the District's General Fund and Cafeteria Non-Major Governmental Fund due to the off-books nature of the Cafeteria Non-Major Governmental Fund
- Misclassification of federal revenues and other local revenues of \$537 in the Cafeteria Non-Major Governmental Fund

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2023-2024 unaudited financial statements.

#### Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of revenues/expenses and assets/liabilities to determine the proper period and account classification. This is also caused by timing issues that result from the Cafeteria Non-Major Governmental Fund's financial statements being reported in a separate financial accounting software from the rest of the District's funds.

#### Effect

The effect of this error resulted in misstatements and misclassifications that were not detected or prevented by the District's internal control. As reported in the 2023-2024 financial statements, the District's Cafeteria Non-Major Governmental Fund revenues and expenditures were overstated by \$101,913 and the District's Cafeteria Non-Major Governmental Fund assets and liabilities were understated by \$568,117. Various account balances in the Cafeteria Non-Major Governmental Fund were also misclassified as noted in the condition above.

#### Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for revenues and to ensure that all activities are recorded in the financial statements in the proper accounts. Due to the off-books nature of the District's Cafeteria Non-Major Governmental Fund, additional reconciliation procedures related to balances in this fund are required.

#### Current Status

Not implemented. See current year finding 2025-001.

***Federal Awards Findings***

**2024-002      50000 – Federal Equipment Inventory (Significant Deficiency, Noncompliance)**

Federal Agency: Department of Education

Pass-Through Entity: California Department of Education

Program Name: COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)  
Fund

Federal Financial Assistance Listing: 84.425U

Compliance Requirement: Equipment

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Noncompliance

**Criteria**

The Uniform Guidance in 2 CFR 200.313(d)(2) requires that a physical inventory of federally funded property be conducted at least every two years. The results of the inventory must be reconciled with the property records.

**Condition**

The District's last physical inventory of federally funded property did not take place within the last two years.

**Cause**

The cause appears to be due to delays in the District arranging for a physical inventory.

**Effect**

The District is not in compliance with the provisions of 2 CFR 200.313(d)(2).

**Questioned Costs**

None reported.

**Context/Sampling**

The condition was identified through inquiry with District personnel and through review of available District records related to physical inventory of equipment.

Recommendation

The District should implement internal controls to ensure that physical inventories are performed at least every two years.

Current Status

Implemented.



Management  
Lake Elsinore Unified School District  
Lake Elsinore, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 4, 2025, on the government-wide financial statements of the District.

### **Associated Student Body (ASB)**

#### Lake Elsinore High School

##### *Observations*

1. Based on review of the cash receipting procedures, it was noted that five of nine deposits tested contained cash that was not deposited in a timely manner. The delay in deposits ranged from 12 to 68 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on the review of cash receipting procedures, it was noted that two of nine receipts tested did not contain corresponding supporting documentation. Due to the lack of supporting documentation, we were unable to verify the accuracy or completeness of the selected receipts.
3. Based on the review of the cash disbursement procedures, it was noted that four of 25 disbursements tested consisted of amounts that were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
4. Based on review of cash disbursement procedures, it was noted that three of 25 disbursements tested did not contain all three required signatures to approve the transaction as required by *Education Code* section 48933(b).

##### *Recommendations*

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.

2. The site should ensure that all cash transactions are supported with relevant documentation. The district should communicate specific guidelines for this procedure with each site.
3. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
4. The site should review the Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference. The manual explains that for an expenditure to be approved, there must be evidence of three signatures: an employee or official of the school district designated by the oversight board, the certificated employee who is the designated advisor of the student body organization, and a representative of the student body organization.

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

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

Rancho Cucamonga, California  
December 4, 2025

# **Exhibit B**

**Rate and Method of Apportionment  
of Special Taxes for  
Improvement Area No. A of  
Community Facilities District No. 2006-2**

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. A OF  
COMMUNITY FACILITIES DISTRICT NO. 2006-2  
OF LAKE ELSINORE UNIFIED SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes ("Rate and Method of Apportionment") for Improvement Area No. A ("IA No. A") of Community Facilities District No. 2006-2 ("CFD No. 2006-2") of the Lake Elsinore Unified School District ("School District"). An Annual Special Tax shall be levied on and collected from Taxable Property (defined below) within the boundaries of IA No. A of CFD No. 2006-2 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment of Special Taxes described below. All of the real property in IA No. A of CFD No. 2006-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

For purposes of this Rate and Method of Apportionment the terms hereinafter set forth have the following meanings:

**"Acre"** or **"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable Final Subdivision Map, condominium plan, or other recorded County parcel map.

**"Act"** means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of IA No. A of CFD No. 2006-2 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of IA No. A of CFD No. 2006-2, and reasonable costs otherwise incurred in order to carry out the authorized purposes of IA No. A of CFD No. 2006-2 or statutory requirements applicable thereto.

**"Annual Special Tax"** means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of IA No. A of CFD No. 2006-2.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Annual Special Tax"** means the Special Tax of that name described in Section D.

**"Backup Annual Special Tax"** means the Special Tax of that name described in Section E.

**"Board"** means the Board of Trustees of Lake Elsinore Unified School District, or its designee, in certain cases acting as the Legislative Body of IA No. A of CFD No. 2006-2.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which the Special Taxes have been pledged for repayment.

**"Bond Index"** means the national Bond Buyer Revenue Bond Index, commonly referenced as the 25-Bond Revenue Index. In the event such Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's "A1" and/or S&P's A-plus ("A+"), as reasonably determined by the Board.

**"Bond Yield"** means the yield on the last series of Bonds issued, for purposes of this calculation the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

**"Building Permit"** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues said permits for the construction of Units within IA No. A of CFD No. 2006-2. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**"Building Square Footage"** or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the Building Permit for such Unit.

**"Calendar Year"** means the period commencing January 1 of any year and ending the following December 31.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes in Section K each Fiscal Year as determined May 1<sup>st</sup> of the previous Fiscal Year.

**"Final Subdivision Map"** means a final tract map, parcel map, condominium plan lot line

adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the County Office of the Recorder.

**"Fiscal Year"** means the period commencing on July 1 of any year and ending the following June 30.

**"Homeowner"** means any owner of a completed Unit constructed and sold within IA No. A of CFD No. 2006-2.

**"Lot(s)"** means an individual legal lot created by a Final Subdivision Map for which a Building Permit has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Subdivision Map upon which condominium units are entitled to be developed but for which a condominium plan has not been recorded, the number of Lots allocable to such legal lot for purposes of calculating the Backup Annual Special Tax applicable to such Final Subdivision Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Subdivision Map.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C that can be levied by IA No. A of CFD No. 2006-2 in any Fiscal Year on any Assessor's Parcel.

**"Minimum Annual Special Tax Requirement"** means the amount required in any Fiscal Year to pay: (i) the annual debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of IA No. A of CFD No. 2006-2, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, and (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, less (v) any amount available to pay annual debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Minimum Annual Special Tax Requirement the Board shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

**"Minimum Taxable Acreage"** means the applicable Acreage listed in Table 2 set forth in Section K.

**"Net Taxable Acreage"** means the total Acreage of all Taxable Property expected to exist in IA No. A of CFD No. 2006-2 after all Final Subdivision Maps are recorded.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor's Parcel as described in Section H.

**"Prepayment Administrative Fees"** means any fees or expenses of the School District or IA No. A of CFD No. 2006-2 associated with the prepayment or partial prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

**"Prepayment Amount"** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel as described in Section G.

**"Present Value of Taxes"** means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the Annual Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Board, until the termination date specified in Section J. The discount rate used for this calculation shall be equal to the (i) Bond Yield after Bonds are issued or (ii) most recently published Bond Index prior to the issuance of Bonds.

**"Proportionately"** means that the ratio of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax or Maximum Special Tax is equal for all applicable Assessor's Parcels.

**"Reserve Fund Credit"** means an amount, if any, equal to the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Fund Credit shall be given.

**"School District"** means the Lake Elsinore Unified School District or any successor school district.

**"Special Tax"** means any of the special taxes authorized to be levied by IA No. A of CFD No. 2006-2 pursuant to the Act.

**"Taxable Property"** means all Assessor's Parcels which are not Exempt Property.

**"Undeveloped Property"** means all Assessor's Parcels of Taxable Property which are not Developed Property.

**"Unit"** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

## **SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2007-08, each Assessor's Parcel within IA No. A of CFD No. 2006-2 shall be classified as Taxable Property or Exempt Property and each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax for a given Final Subdivision Map.

**2. Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property in Fiscal Year 2007-08 shall be the amount specified in Table 1 according to the Building Square Footage of a Unit, subject to increase as described below.

**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
DEVELOPED PROPERTY  
FISCAL YEAR 2007-08**

| <b>Building Square Feet</b> | <b>Assigned Annual Special Tax</b> |
|-----------------------------|------------------------------------|
| < 2,150                     | \$729.27 per Unit                  |
| 2,150 – 2,449               | \$882.57 per Unit                  |
| 2,450– 2,749                | \$959.35 per Unit                  |
| 2,750 – 3,049               | \$1,113.43 per Unit                |
| 3,050 – 3,349               | \$1,190.35 per Unit                |
| 3,350 – 3,649               | \$1,383.04 per Unit                |
| > 3,649                     | \$1,420.85 per Unit                |

Each July 1, commencing July 1, 2008, the Assigned Annual Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Undeveloped Property**

The Assigned Annual Special Tax rate for an Assessor's Parcel classified as Undeveloped Property in any Fiscal Year shall be \$8,613.98 per acre of Acreage.

Each July 1, commencing July 1, 2008, the Assigned Annual Special Tax per acre of Acreage for each Assessor's Parcel of Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION E**  
**BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax for an Assessor's Parcel of Developed Property within a Final Subdivision Map shall be the rate per Lot calculated according to the following formula in Fiscal Year 2007-08 or such later Fiscal Year in which such Final Subdivision Map is created, subject to increase as described below:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Subdivision Map at the time of calculation, as determined by the Board pursuant to Section K
- L = Lots in the Final Subdivision Map at the time of calculation

Each July 1, commencing July 1 following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map, the Backup Annual Special Tax for each Lot within such Final Subdivision Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

Notwithstanding the foregoing, if all or any portion of the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Subdivision Map that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified area in the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified area in the Final Subdivision Map, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied. Each July 1, commencing the July 1 following the change or modification to the Final Subdivision Map, the amount determined by this section shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION F**  
**METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2007-08, and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

- Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then an Annual Special Tax shall be Proportionately levied on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then an Annual Special Tax shall be Proportionately levied on each Assessor's Parcel of Developed Property up to the Maximum Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.

**SECTION G**  
**PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued, may be prepaid in full pursuant to this Section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide IA No. A of CFD No. 2006-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the School District shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

|     |   |                                |
|-----|---|--------------------------------|
| P   | = | Prepayment Amount              |
| PVT | = | Present Value of Taxes         |
| RFC | = | Reserve Fund Credit            |
| PAF | = | Prepayment Administrative Fees |

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

With respect to any Assessor's Parcel that is prepaid, the School District shall indicate in the records of IA No. A of CFD No. 2006-2 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

## **SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this Section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit to a Homeowner within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit to a Homeowner with respect to such Final Subdivision Map.

### **2. Partial Prepayment Amount**

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount  
P<sub>G</sub> = the Prepayment Amount calculated according to Section G  
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the School District shall indicate in the records of IA No. A of CFD No. 2006-2 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax, if applicable for the Assessor's Parcel, has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the School District. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

### **SECTION I EXCESS ASSIGNED ANNUAL SPECIAL TAXES**

In any Fiscal Year which the Annual Special Taxes collected from Developed Property, pursuant to Step One of Section F, exceeds the Minimum Annual Special Tax Requirement, the School District shall use such amount for acquisition, construction or financing of school facilities in accordance with the Act, IA No. A of CFD No. 2006-2 formation and tax authorization proceedings and other applicable law as determined by the Board.

### **SECTION J TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after the Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2046-47.

### **SECTION K EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor's Parcels owned by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than the Minimum Taxable Acreage listed in Table 2 below. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**TABLE 2**

**MINIMUM TAXABLE ACREAGE**

| Acres of Acreage |
|------------------|
| 62.94            |

**SECTION L  
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the School District not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or any a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of IA No. A of CFD No. 2006-2 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Representative's decisions shall indicate.

**SECTION M  
MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. A of CFD No. 2006-2 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial or legal obligations.

J:\CLIENTS\LK\_ELSIN.USD\MELLO\2006-2 John Laing Homes - Summerly (33049)\Formation Docs\Final Docs\RMA\_IA A\_FINAL.doc

# **Exhibit C**

**Debt Service Schedule**  
**Series 2021 Special Tax Refunding Bonds**  
Improvement Area No. A of  
Community Facilities District No. 2006-2

**Lake Elsinore Unified School District  
Improvement Area No. B of  
Community Facilities District No. 2006-2  
Series 2021 Special Tax Refunding Bonds  
Debt Service Schedule**

| Period       | Series 2021 Special Tax Refunding Bonds |                       |                        |
|--------------|---|-----------------------|------------------------|
|              | Principal                               | Interest              | Total Debt Service     |
| 9/1/2021     | \$445,000.00                            | \$5,583.63            | \$450,583.63           |
| 3/1/2022     | \$0.00                                  | \$161,167.50          | \$547,335.00           |
| 9/1/2022     | 225,000.00                              | \$161,167.50          |                        |
| 3/1/2023     | 0.00                                    | 157,961.25            | \$560,922.50           |
| 9/1/2023     | 245,000.00                              | 157,961.25            |                        |
| 3/1/2024     | 0.00                                    | 154,470.00            | \$573,940.00           |
| 9/1/2024     | 265,000.00                              | 154,470.00            |                        |
| 3/1/2025     | 0.00                                    | 150,693.75            | \$581,387.50           |
| 9/1/2025     | 280,000.00                              | 150,693.75            |                        |
| 3/1/2026     | 0.00                                    | 146,703.75            | \$593,407.50           |
| 9/1/2026     | 300,000.00                              | 146,703.75            |                        |
| 3/1/2027     | 0.00                                    | 142,428.75            | \$609,857.50           |
| 9/1/2027     | 325,000.00                              | 142,428.75            |                        |
| 3/1/2028     | 0.00                                    | 137,797.50            | \$620,595.00           |
| 9/1/2028     | 345,000.00                              | 137,797.50            |                        |
| 3/1/2029     | 0.00                                    | 132,881.25            | \$635,762.50           |
| 9/1/2029     | 370,000.00                              | 132,881.25            |                        |
| 3/1/2030     | 0.00                                    | 127,608.75            | \$645,217.50           |
| 9/1/2030     | 390,000.00                              | 127,608.75            |                        |
| 3/1/2031     | 0.00                                    | 122,051.25            | \$659,102.50           |
| 9/1/2031     | 415,000.00                              | 122,051.25            |                        |
| 3/1/2032     | 0.00                                    | 116,137.50            | \$672,275.00           |
| 9/1/2032     | 440,000.00                              | 116,137.50            |                        |
| 3/1/2033     | 0.00                                    | 109,867.50            | \$689,735.00           |
| 9/1/2033     | 470,000.00                              | 109,867.50            |                        |
| 3/1/2034     | 0.00                                    | 103,170.00            | \$701,340.00           |
| 9/1/2034     | 495,000.00                              | 103,170.00            |                        |
| 3/1/2035     | 0.00                                    | 96,116.25             | \$717,232.50           |
| 9/1/2035     | 525,000.00                              | 96,116.25             |                        |
| 3/1/2036     | 0.00                                    | 88,635.00             | \$732,270.00           |
| 9/1/2036     | 555,000.00                              | 88,635.00             |                        |
| 3/1/2037     | 0.00                                    | 80,726.25             | \$746,452.50           |
| 9/1/2037     | 585,000.00                              | 80,726.25             |                        |
| 3/1/2038     | 0.00                                    | 72,390.00             | \$764,780.00           |
| 9/1/2038     | 620,000.00                              | 72,390.00             |                        |
| 3/1/2039     | 0.00                                    | 63,555.00             | \$777,110.00           |
| 9/1/2039     | 650,000.00                              | 63,555.00             |                        |
| 3/1/2040     | 0.00                                    | 54,292.50             | \$793,585.00           |
| 9/1/2040     | 685,000.00                              | 54,292.50             |                        |
| 3/1/2041     | 0.00                                    | 44,531.25             | \$814,062.50           |
| 9/1/2041     | 725,000.00                              | 44,531.25             |                        |
| 3/1/2042     | 0.00                                    | 34,200.00             | \$828,400.00           |
| 9/1/2042     | 760,000.00                              | 34,200.00             |                        |
| 3/1/2043     | 0.00                                    | 23,370.00             | \$846,740.00           |
| 9/1/2043     | 800,000.00                              | 23,370.00             |                        |
| 3/1/2044     | 0.00                                    | 11,970.00             | \$863,940.00           |
| 9/1/2044     | 840,000.00                              | 11,970.00             |                        |
| <b>Total</b> | <b>\$11,755,000.00</b>                  | <b>\$4,671,033.63</b> | <b>\$16,426,033.63</b> |

# **Exhibit D**

**California Debt and Investment  
Advisory Commission Report**  
Improvement Area No. A of  
Community Facilities District No. 2006-2



# MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,  
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA  
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2021-1385  
Status: Submitted  
10/27/2025

Mello Roos Report Information as of Reporting Year End: 6/30/2025

## Issuance

|  |   |
|--|---|
| Issuer Name:   | Lake Elsinore Unified School District CFD No 2006-2 |
| Issue Name:  | 2021 Special Tax Ref Bonds                          |
| Project Name:  | IA No A   |
| Actual Sale Date:  | 8/25/2021   |
| Settlement Date:   | 8/25/2021   |
| Original Principal Amount:                                     | \$11,755,000.00                                     |
| Date of Filing:  |   |
| Reserve Fund Minimum Balance:                                  | Yes   |
| Reserve Fund Minimum Balance Amount:                           | \$86,394.00   |
| Credit Rating from Report of Final Sale                        |   |
| Credit Rating:   | Not Rated   |
| Standard & Poor:   |   |
| Fitch:   |   |
| Moody's:   |   |
| Other:   |   |
| Credit Rating from Mello-Roos Last Yearly Fiscal Status Report |   |
| Credit Rating:   | Not Rated   |
| Standard & Poor:   |   |
| Fitch:   |   |
| Moody's:   |   |
| Other:   |   |
| Credit Rating for This Reporting Period                        |   |
| Credit Rating:   | Not Rated   |
| Standard & Poor:   |   |
| Fitch:   |   |
| Moody's:   |   |
| Other:   |   |



# MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,  
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA  
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2021-1385  
Status: Submitted  
10/27/2025

## Fund Balance

|  |                 |
|--|-----------------|
| Principal Amount of Bonds Outstanding: | \$10,575,000.00 |
| Bond Reserve Fund:                     | \$223,806.85    |
| Capitalized Interest Fund:             | \$0.00          |
| Construction Fund(s):                  | \$95.77         |

## Assessed Value

|   |                         |
|---|-------------------------|
| Assessed or Appraised Value Reported as of:   | 1/1/2025                |
| Use Appraised Value only in first year or before annual tax roll billing commences: | From Equalized Tax Roll |
| Total Assessed Value of All Parcels:  | \$249,512,058.00        |

## Tax Collection

|   |              |
|---|--------------|
| Total Amount of Special Taxes Due Annually:               | \$675,424.82 |
| Total Amount of Unpaid Special Taxes Annually:            | \$8,099.79   |
| Does this agency participate in the County's Teeter Plan? | No           |

## Delinquent Reporting

|   |             |
|---|-------------|
| Delinquent Parcel Information Reported as of Equalized Tax Roll of: | 7/1/2025    |
| Total Number of Delinquent Parcels:                                 | 9           |
| Total Amount of Special Taxes Due on Delinquent Parcels:            | \$14,557.62 |

## Delinquency Parcel Reporting

| Document Type                   | Document Name       | File Upload Date |
|---------------------------------|---------------------|------------------|
| Delinquent Parcel Detail Report | CFD 2006-2 IA A.pdf | 10/27/2025       |

## Foreclosure

| Date Foreclosure Commenced    | Total Number of Foreclosure Parcels | Total Amount of Tax on Foreclosure Parcels |
|-------------------------------|-------------------------------------|--|
| No data available to display. |                                     |  |



## MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,  
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA  
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2021-1385  
Status: Submitted  
10/27/2025

### Retired Issues

Indicate Reason for Retirement:

Not Retired

### Filing Contact

Filing Contact Name:

Justin Bjorgan

Agency/Organization Name:

KeyAnalytics (California Financial Services)

Address:

27201 Puerta Real

City:

Mission Viejo

State:

CA

Zip Code:

92691

Telephone:

949-2821077

Fax Number:

E-mail:

jbjorgan@calschools.com

### Comments

Issuer Comments:

Lake Elsinore Unified School District  
Riverside County  
Improvement Area A of Community Facilities District No. 2006-2  
Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

| <b>Assessor's Parcel Number</b> | <b>Tax Year</b> | <b>Total Delinquent</b> | <b>Total Special Tax Levied</b> | <b>Percentage Delinquent</b> |
|---------------------------------|-----------------|-------------------------|---------------------------------|------------------------------|
| 371-322-010                     | 2020            | \$1,534.84              | \$1,539.82                      | 99.68%                       |
| 371-322-010                     | 2021            | \$1,565.54              | \$1,570.62                      | 99.68%                       |
| 371-322-010                     | 2022            | \$1,596.88              | \$1,602.04                      | 99.68%                       |
| 371-312-001                     | 2023            | \$500.56                | \$1,001.12                      | 50.00%                       |
| 371-320-007                     | 2023            | \$759.45                | \$1,898.62                      | 40.00%                       |
| 371-340-014                     | 2023            | \$500.56                | \$1,001.12                      | 50.00%                       |
| 371-281-006                     | 2024            | \$4.48                  | \$1,021.14                      | 0.44%                        |
| 371-300-004                     | 2024            | \$671.66                | \$1,343.32                      | 50.00%                       |
| 371-302-005                     | 2024            | \$684.83                | \$1,343.32                      | 50.98%                       |
| 371-303-003                     | 2024            | \$630.01                | \$1,235.80                      | 50.98%                       |
| 371-312-001                     | 2024            | \$1,021.14              | \$1,021.14                      | 100.00%                      |
| 371-320-007                     | 2024            | \$1,936.58              | \$1,936.58                      | 100.00%                      |
| 371-322-010                     | 2024            | \$894.15                | \$1,666.78                      | 53.65%                       |
| 371-340-010                     | 2024            | \$1,235.80              | \$1,235.80                      | 100.00%                      |
| 371-340-014                     | 2024            | \$1,021.14              | \$1,021.14                      | 100.00%                      |



Annual Debt Transparency Report Information as of Reporting Year End: 6/30/2025

## Issuance Information

|   |   |
|---|---|
| Issuer Name:  | Lake Elsinore Unified School District CFD No 2006-2 |
| Issue Name:   | 2021 Special Tax Ref Bonds                          |
| Project Name:   | IA No A   |
| Actual Sale Date:   | 8/25/2021   |
| Settlement Date:  | 8/25/2021   |
| Original Principal Amount:                                    | \$11,755,000.00                                     |
| Net Original Issue Premium/Discount:                          | \$0.00  |
| Proceeds Used to Acquire Local Obligations (Marks-Roos Only): | \$0.00  |
| Total Reportable Proceeds:                                    | \$11,755,000.00                                     |
| Total cost of issuance from Report of Final Sale:             | \$205,681.35  |

## Issuance Authorization

Authorization (1):

|  |                              |
|--|------------------------------|
| Authorization Name:                                      | CFD Special Election IA No A |
| Original Authorized Amount:                              | \$16,000,000.00              |
| Authorization Date:                                      | 1/18/2007                    |
| Amount Authorized - Beginning of the Reporting Period:   | \$5,180,570.58               |
| Amount Authorized - During the Reporting Period:         | \$0.00                       |
| Total Debt Authorized:                                   | \$5,180,570.58               |
| Debt Issued During the Reporting Period:                 | \$0.00                       |
| Replenishment Reported During the Reporting Period:      | \$0.00                       |
| Total Debt Authorized but Unissued:                      | \$5,180,570.58               |
| Authorization Lapsed:                                    | \$0.00                       |
| Total Authorization Remaining - End of Reporting Period: | \$5,180,570.58               |

Authorization (2):

|                     |                           |
|---------------------|---------------------------|
| Authorization Name: | Resolution No 2021-22-001 |
|---------------------|---------------------------|



|  |                 |
|--|-----------------|
| Original Authorized Amount:                              | \$11,850,000.00 |
| Authorization Date:                                      | 8/5/2021        |
| Amount Authorized - Beginning of the Reporting Period:   | \$2,009,429.00  |
| Amount Authorized - During the Reporting Period:         | \$0.00          |
| Total Debt Authorized:                                   | \$2,009,429.00  |
| Debt Issued During the Reporting Period:                 | \$0.00          |
| Replenishment Reported During the Reporting Period:      | \$0.00          |
| Total Debt Authorized but Unissued:                      | \$2,009,429.00  |
| Authorization Lapsed:                                    | \$0.00          |
| Total Authorization Remaining - End of Reporting Period: | \$2,009,429.00  |

### Principal Outstanding

|  |                 |
|--|-----------------|
| Principal Balance Upon Sale or at Beginning of the Reporting Period:               | \$10,840,000.00 |
| Accreted Interest – During Reporting Period:                                       | \$0.00          |
| Total Principal and Accreted Interest:   | \$10,840,000.00 |
| Principal Paid with Proceeds from Other Debt Issues – During the Reporting Period: | \$0.00          |
| Principal Payments - During the Reporting Period (not reported as payments above): | \$265,000.00    |
| Principal Outstanding – End of Reporting Period:                                   | \$10,575,000.00 |

#### Refunding/Refinancing Issues

| CDIAC #                       | Refunding/refinancing Amount | Redemption/Payment Date |
|-------------------------------|------------------------------|-------------------------|
| No data available to display. |                              |                         |

### Use of Proceeds

| Report End Date | Begin Amount    | Spent Amount    | Remain Amount |
|-----------------|-----------------|-----------------|---------------|
| 6/30/2022       | \$11,755,000.00 | \$10,939,101.89 | \$815,898.11  |
| 6/30/2023       | \$815,898.11    | \$807,078.28    | \$8,819.83    |
| 6/30/2024       | \$8,819.83      | \$8,819.83      | \$0.00        |



**ANNUAL DEBT TRANSPARENCY REPORT**  
 California Debt and Investment Advisory Commission, 915 Capitol Mall,  
 Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA  
 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2021-1385  
 Status: Submitted  
 11/11/2025

|           |        |        |        |
|-----------|--------|--------|--------|
| 6/30/2025 | \$0.00 | \$0.00 | \$0.00 |
|-----------|--------|--------|--------|

Proceeds Spent/Unspent (Fund Level)

| Fund Category            | Total Reportable Proceeds Available | Proceeds Spent           |  |                              |
|--------------------------|-------------------------------------|--------------------------|--|------------------------------|
|                          |                                     | Current Reporting Period | Proceeds Spent Prior Reporting Period(s) | Proceeds Unspent / Remaining |
| CONSTRUCTION FUND        | \$1,274,747.12                      | \$0.00                   | \$1,274,747.12                           | \$0.00                       |
| COST OF ISSUANCE         | \$205,681.00                        | \$0.00                   | \$205,681.00                             | \$0.00                       |
| REFUNDING ESCROW ACCOUNT | \$10,274,571.88                     | \$0.00                   | \$10,274,571.88                          | \$0.00                       |
| <b>TOTAL:</b>            | <b>\$11,755,000.00</b>              | <b>\$0.00</b>            | <b>\$11,755,000.00</b>                   | <b>\$0.00</b>                |

Expenditures of Current Reporting Period

| Fund Category                 | Purpose | Expenditure Amount |
|-------------------------------|---------|--------------------|
| No data available to display. |         |                    |
| <b>TOTAL:</b>                 |         | <b>\$0.00</b>      |

Expenditure Summary

| Fund Category                 | Purpose | Expenditure In Current Reporting Period | Expenditure In Prior Reporting Period(s) | Total Expenditure All Periods |
|-------------------------------|---------|---|--|-------------------------------|
| No data available to display. |         |   |  |                               |
| <b>TOTAL:</b>                 |         | <b>\$0.00</b>                           | <b>\$11,755,000.00</b>                   | <b>\$11,755,000.00</b>        |

Refunded/Refinanced Issues

| CDIAC #   | Refunding/refinancing Amount | Redemption/Payment Date |
|-----------|------------------------------|-------------------------|
| 2014-0935 | \$0.00                       |                         |

**Filing Contact**

Filing Contact Name: Justin Bjorgan  
 Agency/Organization Name: KeyAnalytics (California Financial Services)  
 Address: 27201 Puerta Real  
 City: Mission Viejo



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94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2021-1385  
Status: Submitted  
11/11/2025

State: CA  
Zip Code: 92691  
Telephone: 949-2821077  
Fax Number:  
E-mail: jbjorgan@calschools.com

**Comments**

Issuer Comments:

**ADTR Reportable**

Principal Outstanding – End of Reporting Period: \$10,575,000.00  
Proceeds Unspent – End of Reporting Period: \$0.00  
ADTR Reportable Next Reporting Year: Yes