

Financial Statements
June 30, 2025

Romoland School District

Independent Auditor’s Report 1

Management’s Discussion and Analysis 5

Government-Wide Financial Statements

Statement of Net Position 16

Statement of Activities..... 17

Governmental Fund Financial Statements

Balance Sheet – Governmental Funds 18

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 20

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 21

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23

Fiduciary Fund Financial Statements

Statement of Net Position – Fiduciary Funds 25

Statement of Changes in Net Position – Fiduciary Funds 26

Notes to Financial Statements 27

Required Supplementary Information

Budgetary Comparison Schedule – General Fund 68

Schedule of Changes in the District’s Total OPEB Liability and Related Ratios 69

Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program 70

Schedule of the District’s Proportionate Share of the Net Pension Liability – CalSTRS 71

Schedule of the District’s Proportionate Share of the Net Pension Liability - CalPERS 72

Schedule of the District’s Contributions - CalSTRS 73

Schedule of the District’s Contributions - CalPERS 74

Notes to Required Supplementary Information 75

Supplementary Information

Schedule of Expenditures of Federal Awards 77

Schedule of Average Daily Attendance 79

Schedule of Instructional Time 80

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 81

Schedule of Financial Trends and Analysis 82

Combining Balance Sheet – Non-Major Governmental Funds 83

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds 84

Notes to Supplementary Information 86

Other Information

Local Education Agency Organization Structure (Unaudited) 88

Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 89

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance 91

Independent Auditor's Report on State Compliance and on Internal Control Over Compliance 94

Schedule of Findings and Questioned Costs

 Summary of Auditor's Results..... 99

 Financial Statement Findings 100

 Federal Awards Findings and Questioned Costs..... 101

 State Compliance Findings and Questioned Costs..... 103

 Summary Schedule of Prior Audit Findings..... 106



Independent Auditor's Report

To the Governing Board
Romoland School District
Homeland, 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 Romoland 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 Romoland School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 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.

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 10, 2025



romoland.net

ROMOLAND SCHOOL DISTRICT

25900 Leon Road, Homeland, CA 92548
Phone: 951.926.9244 ♦ Fax: 951.926.2170

Trevor J. Painton
Superintendent

Michelle Wise
Assistant Superintendent

Karen Owen
Chief Business Official

John Murray
Chief Personnel Officer

Vince Butler
Chief Technology Officer

INTRODUCTION

The Romoland School District (the District) is dedicated to making a difference in the Romoland Learning Community by developing successful individuals and educational excellence through a passionate commitment to collaboration and continuous improvement.

The Management's Discussion and Analysis of the Romoland School District's financial statements provides an overall review of the District's activities for the fiscal year that ended June 30, 2025, with comparative information for the year ended June 30, 2024. This analysis is provided to assist our citizens, taxpayers, and investors in reviewing the District's finances and to show the District's accountability for the money it receives. In addition, the analysis should be reviewed in conjunction with the auditor's transmittal letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

For the 2024-2025 school year, the Romoland School District offered instruction to students from State Preschool/Headstart Programs and pre-kindergarten through eighth grade. Four elementary schools, one virtual school and one middle school operate on a traditional August through June schedule, for the instruction of over 4000 students.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. 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.

Board of Trustees

Manuel Aguirre ♦ Christopher Clark ♦ O'rell Colbert ♦ Cynthia Navarro ♦ David Sperry

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

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified 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 Romoland School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting methods 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.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. Other non-financial factors to consider are changes in the District's property tax base, student enrollment growth, condition of District's facilities, quality of education, and safety of our schools.

In the *Statement of Net Position* and the *Statement of Activities*, all the District's activities are as follows:

Governmental activities - The District reports all of its services in this category. This includes the education of TK through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from debt, 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. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like funds for employee retiree benefits, and pensions. The District's fiduciary activities are reported in the Fiduciary Fund 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 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 \$182,269,613 for the fiscal year ended June 30, 2025. Of this amount, \$(8,294,318) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2025	2024*
Assets		
Current and other assets	\$ 111,663,067	\$ 109,335,942
Capital assets	131,053,042	108,634,239
Total assets	<u>242,716,109</u>	<u>217,970,181</u>
Deferred Outflows of Resources	<u>21,628,831</u>	<u>21,948,395</u>
Liabilities		
Current liabilities	13,069,862	5,825,065
Long-term liabilities	12,747,705	8,560,940
Other postemployment benefits liability	1,818,232	1,684,565
Aggregate net pension liability	49,424,530	52,721,479
Total liabilities	<u>77,060,329</u>	<u>68,792,049</u>
Deferred Inflows of Resources	<u>5,014,998</u>	<u>3,540,223</u>
Net Position		
Net investment in capital assets	123,459,941	107,386,173
Restricted	67,103,990	68,841,275
Unrestricted (deficit)	<u>(8,294,318)</u>	<u>(8,641,144)</u>
Total net position	<u>\$ 182,269,613</u>	<u>\$ 167,586,304</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 18 for further information.

The \$(8,294,318) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations. Unrestricted deficit – the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decrease by 4.0% or \$346,826.

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	\$ 7,671,331	\$ 7,575,231
Operating grants and contributions	20,791,610	37,134,803
General revenues		
Federal and State aid not restricted	52,854,086	49,797,043
Property taxes	12,150,818	12,250,521
Other general revenues	23,846,200	1,250,283
Total revenues	<u>117,314,045</u>	<u>108,007,881</u>
Expenses		
Instruction-related	61,535,887	58,495,791
Pupil services	10,538,206	9,882,091
Administration	5,179,327	4,861,385
Plant services	18,065,448	3,693,038
All other services	3,642,876	7,641,529
Total expenses	<u>98,961,744</u>	<u>84,573,834</u>
Change in net position	<u>\$ 18,352,301</u>	<u>\$ 23,434,047</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 18 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 \$98,961,744. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$12,150,818 because the cost was paid by those who benefited from the programs was (\$7,671,331) or by other governments and organizations who subsidized certain programs with grants and contributions of (\$20,791,610). We paid for the remaining “public benefit” portion of our governmental activities with \$76,700,286 in other revenues, such as Federal and State unrestricted aid, as well as interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	\$ 61,535,887	\$ 58,495,791	\$ (49,007,024)	\$ (38,923,604)
Pupil services	10,538,206	9,882,091	(3,463,340)	(2,906,931)
Administration	5,179,327	4,861,385	(4,629,597)	(4,098,930)
Plant services	18,065,448	3,693,038	(10,907,691)	7,969,043
All other services	3,642,876	7,641,529	(2,491,151)	(1,903,381)
Total	\$ 98,961,744	\$ 84,573,834	\$ (70,498,803)	\$ (39,863,803)

* 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 18 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$91,255,689, which is a decrease of \$4,402,891 of 4.6% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General Fund	\$ 24,548,625	\$ 82,980,181	\$ 82,438,194	\$ 25,090,612
Student Activity Fund	60,366	236,304	215,608	81,062
Child Development Fund	325,152	1,905,636	1,649,384	581,404
Cafeteria Fund	7,340,664	6,228,179	4,488,684	9,080,159
Capital Facilities Fund	43,393,228	17,107,204	18,742,415	41,758,017
County School Facilities Fund	-	-	-	-
Special Reserve Fund for Capital Outlay Projects	11,084,556	1,807,053	299,189	12,592,420
Capital Project Component Unit Fund	6,906,521	9,378,170	16,217,429	67,262
Debt Service Fund for Blended Component Units	1,999,468	1,151,603	1,146,318	2,004,753
Total	\$ 95,658,580	\$ 120,794,330	\$ 125,197,221	\$ 91,255,689

The District began projecting the 2024-2025 budget two years before it was adopted. The process of finalizing the projected budget started in March 2024 and was completed by formal adoption by the Board of Trustees on June 27, 2024. During the course of the fiscal year, the District revises revenue and expenditure budgets based upon a number of variables that often change throughout the year. Such variables include the unique District percentage used to calculate supplemental and concentration grant funding, enrollment/attendance percentages, negotiated salary/benefit adjustments, staff increases/decreases, utility rates, new instructional programs, and State and Federal fiscal issues.

Listed below are the highlights as to why the combined fund balances of the District changed:

General Fund Highlights:

- Increased percentages for employer contributions to PERS.
- Increased expenditures in salaries (1XXX and 2XXX), benefits (3XXX), and services and other operating expenditures (5XXX) object codes.
- Increase in Routine Restricted maintenance account, both revenue and expenses, to keep our school sites safe and in excellent condition.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget numerous times, to reflect changes in revenues and expenditures. This information comes from a variety of Federal, State, local sources (A schedule showing the District's original and final general fund budget amounts compared with amounts actually paid and received is provided in the annual report on page 68).

Revenue budget transfers were adjusted based on changes in ADA. Revenues were also revised for property tax estimates, grant awards and interest earnings. Revised entitlements for Federal/State programs were also adjusted based on known values.

Program carryovers from 2023-2024 were allocated to specific programs in the 2024-2025 budget.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$131,053,042 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase of \$22,418,803 or 20.6%, from last year.

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 58,645,728	\$ 33,731,118
Land improvements	2,482,899	2,651,871
Buildings and improvements	68,096,728	70,447,971
Furniture and equipment	1,555,571	1,644,181
Right-to-use leased assets	183,673	140,058
Right-to-use subscription IT assets	88,443	19,040
Total	\$ 131,053,042	\$ 108,634,239

This year’s additions of \$22,418,803 is the net result of equipment purchases, completed and ongoing construction projects, accumulated depreciation, accumulated amortization, and deductions.

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

Long-Term Liabilities Other than Pension or OPEB

At the end of this year, the District had \$12,747,705 in long-term liabilities outstanding other than pension or OPEB versus \$8,560,940 last year, an increase of 48.9%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
Public financing authority bonds	\$ 7,455,000	\$ 7,980,000
Educational Facilities Loans	10,000	15,000
Leases	195,363	140,573
Subscription-based IT arrangements	-	19,014
Compensated absences	5,087,342	406,353
Total	\$ 12,747,705	\$ 8,560,940

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 18 for further information.

We present more detailed information regarding our long-term liabilities in Note 10 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had an OPEB liability of \$1,818,232 versus \$1,684,565 last year, an increase of \$133,667, or 7.9%.

At year-end, the District had an aggregate net pension liability of \$49,424,530 versus \$52,721,479 last year, a decrease of \$3,296,949, or 6.3%.

We present more detailed information regarding our OPEB and Pension liabilities in Notes 11 and 15, respectively, of the financial statements.

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

- The construction of school #7 is almost complete.
- Classrooms, staff, and students are equipped with advanced technology that allows students to access and learn content in new and innovative ways to meet the personalized learning needs of students.
- All students have access to District Chromebooks.
- Our school counseling program is available at all schools and supports positive behaviors and social-emotional learning.
- Our school-based mental health therapists' services are available at all schools with mental health supports provided for students in need.
- Board Certified Behavioral Analysts (BCBA) support is available at all schools.
- Suspensions decreased
- The school bond passed (fall 2024)
- ELA and Math state test scores increased
- We increased the number of English Learner students who reclassified as Fluent English Proficient.
- Our district is a model of inclusive practices for students with disabilities, and we host numerous school leaders from across the state to learn our practices for success.
- We launched a Dual Language Immersion (DLI) program.
- We added visual arts teachers at elementary schools.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The key assumptions in our revenue forecast are as follows:

- Projected enrollment at 4910.
- The Free and Reduced Lunch/LEP/Foster Youth percentage used to calculate Supplemental and Concentration grants was budgeted at 77.48%.
- Staffing was increased for the increased enrollment.
- Health/Welfare benefit cap of \$12,500 per full-time employee.
- Step/Column increase for all applicable employees.
- Federal/State entitlements and grants based on 2024-2025 levels.
- Utility costs budgeted based on prior year expenses/usage with an appropriate increase based on known factors from utilities.
- Lottery funds based on \$177 per ADA and \$72 per ADA for Proposition 20 funding.
- School Site/Department discretionary budgets funded at full funding.
- PERS rate increased from 27.05% to 27.6%.
- STRS rate stayed at 19.1%.

Certificated staffing based on the following formula:

Enrollment based on Month three

	<u>Staffing Ratio</u>
Grades TK through three	24:1
Grades four through eight	30:1

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 Karen Owen, Chief Business Official at 25900 Leon Road Homeland, California 92548.

Romoland School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 97,663,889
Receivables	6,535,237
Long-term receivables	7,455,000
Prepaid items	8,941
Capital assets not depreciated or amortized	58,645,728
Capital assets, net of accumulated depreciation and amortization	72,407,314
Total assets	242,716,109
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	455,441
Deferred outflows of resources related to pensions	21,173,390
Total deferred outflows of resources	21,628,831
Liabilities	
Accounts payable	12,655,060
Interest payable	117,484
Unearned revenue	297,318
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,450,610
OPEB liability due within one year	53,288
Long-term liabilities other than OPEB and pensions due in more than one year	9,297,095
Other postemployment benefits (OPEB) liability due in more than one year	1,764,944
Aggregate net pension liabilities	49,424,530
Total liabilities	77,060,329
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,067,936
Deferred inflows of resources related to pensions	3,947,062
Total deferred inflows of resources	5,014,998
Net Position	
Net investment in capital assets	123,459,941
Restricted for	
Debt service	1,887,269
Capital projects	43,130,204
Educational programs	12,365,153
Child Nutrition	9,060,892
Other restrictions	660,472
Unrestricted (deficit)	(8,294,318)
Total net position	\$ 182,269,613

Romoland School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 54,033,850	\$ 654,407	\$ 10,921,500	\$ (42,457,943)
Instruction-related activities				
Supervision of instruction	2,530,316	14,804	455,949	(2,059,563)
Instructional library, media, and technology	471,778	-	(179,849)	(651,627)
School site administration	4,499,943	17	662,035	(3,837,891)
Pupil services				
Home-to-school transportation	1,150,953	-	-	(1,150,953)
Food services	4,438,278	4,631	6,023,351	1,589,704
All other pupil services	4,948,975	74,220	972,664	(3,902,091)
Administration				
Data processing	1,564,789	-	7,886	(1,556,903)
All other administration	3,614,538	39,101	502,743	(3,072,694)
Plant services	18,065,448	6,655,014	502,743	(10,907,691)
Ancillary services	242,576	116	236,737	(5,723)
Community services	309	-	268	(41)
Interest on long-term liabilities	289,796	-	-	(289,796)
Other outgo	238,430	229,021	685,583	676,174
Depreciation (unallocated)	2,871,765	-	-	(2,871,765)
Total governmental activities	<u>\$ 98,961,744</u>	<u>\$ 7,671,331</u>	<u>\$ 20,791,610</u>	<u>(70,498,803)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				11,015,515
Taxes levied for other specific purposes				1,135,303
Federal and State aid not restricted to specific purposes				52,854,086
Interest and investment earnings				2,773,394
Interagency revenues				40,049
Miscellaneous				<u>21,032,757</u>
Subtotal, general revenues and subventions				<u>88,851,104</u>
Change in Net Position				18,352,301
Net Position - Beginning, as previously reported				167,586,304
Adjustments (Note 18)				(3,668,992)
Net Position - Beginning, as restated				<u>163,917,312</u>
Net Position - Ending				<u>\$ 182,269,613</u>

Romoland School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Assets			
Deposits and investments	\$ 31,089,317	\$ 43,434,622	\$ 11,957,324
Receivables	4,457,382	461,567	118,803
Due from other funds	851,340	1	916,293
Prepaid expenditures	8,941	-	-
Total assets	\$ 36,406,980	\$ 43,896,190	\$ 12,992,420
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 10,364,995	\$ 2,138,173	\$ -
Due to other funds	916,293	-	400,000
Unearned revenue	35,080	-	-
Total liabilities	11,316,368	2,138,173	400,000
Fund Balances			
Nonspendable	11,941	-	-
Restricted	12,365,153	41,649,701	1,480,503
Assigned	9,832,521	108,316	11,111,917
Unassigned	2,880,997	-	-
Total fund balances	25,090,612	41,758,017	12,592,420
Total liabilities and fund balances	\$ 36,406,980	\$ 43,896,190	\$ 12,992,420

Romoland School District
Balance Sheet – Governmental Funds
June 30, 2025

	Capital Projects Fund for Blended Component Units	Total Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Deposits and investments	\$ 67,262	\$ 11,115,364	\$ 97,663,889
Receivables	-	1,497,485	6,535,237
Due from other funds	-	-	1,767,634
Prepaid expenditures	-	-	8,941
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 67,262</u>	<u>\$ 12,612,849</u>	<u>\$ 105,975,701</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 151,892	\$ 12,655,060
Due to other funds	-	451,341	1,767,634
Unearned revenue	-	262,238	297,318
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>865,471</u>	<u>14,720,012</u>
Fund Balances			
Nonspendable	-	-	11,941
Restricted	67,262	11,726,117	67,288,736
Assigned	-	21,261	21,074,015
Unassigned	-	-	2,880,997
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>67,262</u>	<u>11,747,378</u>	<u>91,255,689</u>
Total liabilities and fund balances	<u>\$ 67,262</u>	<u>\$ 12,612,849</u>	<u>\$ 105,975,701</u>

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

Total Fund Balance - Governmental Funds		\$ 91,255,689
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 172,011,701	
Accumulated depreciation is	<u>(40,958,659)</u>	
Net capital assets		131,053,042
Receivables related to Romoland School District Financing Authority are not received in the near term (within a year) and therefore government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		7,455,000
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.		
		(117,484)
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		
Other postemployment benefits (OPEB) liability	455,441	
Aggregate net pension liability	<u>21,173,390</u>	
Total deferred outflows of resources		21,628,831
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		
OPEB liability	(1,067,936)	
Aggregate net pension liability	<u>(3,947,062)</u>	
Total deferred inflows of resources		(5,014,998)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(49,424,530)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(1,818,232)
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		
RSD Public Financing Authority (PFA) local agency bonds	(7,455,000)	
Educational facilities loan	(10,000)	
Leases	(195,363)	
Compensated absences	<u>(5,087,342)</u>	
Total long-term liabilities		<u>(12,747,705)</u>
Total net position - governmental activities		<u>\$ 182,269,613</u>

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

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Revenues			
Local Control Funding Formula (LCFF)	\$ 62,443,476	\$ -	\$ -
Federal sources	2,630,224	-	-
Other State sources	11,929,822	-	-
Other local sources	5,852,663	16,775,723	890,760
Total revenues	<u>82,856,185</u>	<u>16,775,723</u>	<u>890,760</u>
Expenditures			
Current			
Instruction	54,441,687	-	-
Instruction-related activities			
Supervision of instruction	2,451,397	-	-
Instructional library, media, and technology	654,150	-	-
School site administration	4,242,379	-	-
Pupil services			
Home-to-school transportation	1,165,366	-	-
Food services	43,110	-	-
All other pupil services	5,079,626	-	-
Administration			
Data processing	1,569,247	-	-
All other administration	3,355,779	204,708	-
Plant services	5,981,732	-	52,234
Ancillary services	27,263	-	-
Community services	307	-	-
Other outgo	238,430	-	-
Facility acquisition and construction	2,196,008	18,537,707	241,955
Debt service			
Principal	67,615	-	5,000
Interest and other	7,805	-	-
Total expenditures	<u>81,521,901</u>	<u>18,742,415</u>	<u>299,189</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,334,284</u>	<u>(1,966,692)</u>	<u>591,571</u>
Other Financing Sources (Uses)			
Transfers in	-	331,481	916,293
Other sources - leases	123,996	-	-
Transfers out	(916,293)	-	-
Net Financing Sources (Uses)	<u>(792,297)</u>	<u>331,481</u>	<u>916,293</u>
Net Change in Fund Balances	541,987	(1,635,211)	1,507,864
Fund Balance - Beginning, as previously reported	24,548,625	43,393,228	11,084,556
Adjustments (Note 18)	-	-	-
Fund Balance - Beginning, as restated	<u>24,548,625</u>	<u>43,393,228</u>	<u>11,084,556</u>
Fund Balance - Ending	<u>\$ 25,090,612</u>	<u>\$ 41,758,017</u>	<u>\$ 12,592,420</u>

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

	Capital Projects Fund for Blended Component Units	Total Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula (LCFF)	\$ -	\$ -	\$ 62,443,476
Federal sources	-	3,547,068	6,177,292
Other State sources	-	3,848,901	15,778,723
Other local sources	9,378,170	2,125,753	35,023,069
Total revenues	<u>9,378,170</u>	<u>9,521,722</u>	<u>119,422,560</u>
Expenditures			
Current			
Instruction	-	1,181,198	55,622,885
Instruction-related activities			
Supervision of instruction	-	150,491	2,601,888
Instructional library, media, and technology	-	-	654,150
School site administration	-	205,761	4,448,140
Pupil services			
Home-to-school transportation	-	-	1,165,366
Food services	-	4,456,118	4,499,228
All other pupil services	-	-	5,079,626
Administration			
Data processing	-	-	1,569,247
All other administration	-	76,330	3,636,817
Plant services	236,695	31,172	6,301,833
Ancillary services	-	215,608	242,871
Community services	-	-	307
Other outgo	-	-	238,430
Facility acquisition and construction	15,980,734	14,020	36,970,424
Debt service			
Principal	-	545,605	618,220
Interest and other	-	292,210	300,015
Total expenditures	<u>16,217,429</u>	<u>7,168,513</u>	<u>123,949,447</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,839,259)</u>	<u>2,353,209</u>	<u>(4,526,887)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	1,247,774
Other sources - leases	-	-	123,996
Transfers out	-	(331,481)	(1,247,774)
Net Financing Sources (Uses)	<u>-</u>	<u>(331,481)</u>	<u>123,996</u>
Net Change in Fund Balances	(6,839,259)	2,021,728	(4,402,891)
Fund Balance - Beginning, as previously reported		16,632,171	95,658,580
Adjustments (Note 18)	6,906,521	(6,906,521)	-
Fund Balance - Beginning, as restated	<u>6,906,521</u>	<u>9,725,650</u>	<u>95,658,580</u>
Fund Balance - Ending	<u>\$ 67,262</u>	<u>\$ 11,747,378</u>	<u>\$ 91,255,689</u>

Romoland 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 \$ (4,402,891)

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 expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation and amortization expense in the period.

Capital outlay	\$ 25,407,053
Depreciation and amortization expense	<u>(2,988,250)</u>

Net expense adjustment	22,418,803
------------------------	------------

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. (123,996)

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. (1,011,997)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and net pension liability during the year. 1,415,703

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, deferred inflows of resources and OPEB liability during the year. (46,760)

Romoland 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

<p>Proceeds from bonds issued by the Romoland School District Public Financing Authority (RSD PFA) were used to purchase outstanding bonds from various Community Facilities Districts (CFDs). In accordance with the agreement between the RSD PFA and the CFDs, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the RSD PFA. The amounts paid to purchase the outstanding bonds of various CFDs are expenditures in the governmental funds, but they become long-term receivable in the Statement of Net Position due to the multi-year repayment terms of CFD bonds that were purchased. In the current year, a total of \$525,000 was collected.</p>	\$ (525,000)
<p>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.</p>	
<ul style="list-style-type: none"> Public financing authority bonds Educational facilities loan Leases Subscription-based IT arrangements 	<ul style="list-style-type: none"> 525,000 5,000 69,206 19,014
<p>Interest on long-term liabilities is recorded as an expenditure in the 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.</p>	<u>10,219</u>
<p style="text-align: center;">Change in net position of governmental activities</p>	<u><u>\$ 18,352,301</u></u>

Romoland School District
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 55,608,748</u>
Net Position	
Restricted for individuals, organizations and other governments	<u>\$ 55,608,748</u>

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

	Custodial Funds
Additions	
Contributions	
Special assessment	\$ 17,010,388
Proceeds	34,370,000
Other local	43,957
	51,424,345
Total contributions	
Investment earnings	
Interest	1,877,219
	53,301,564
Total additions	
Deductions	
Principal payments to bond holders	3,065,000
Interest payments to bond holders	9,662,391
Other services	27,163,764
Contributions to other governments	15,315,360
	55,206,515
Total deductions	
Net Decrease In Fiduciary Net Position	(1,904,951)
Net Position - Beginning	57,513,699
Net Position - Ending	\$ 55,608,748

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Romoland School District (the District) was organized in 1927, 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 pre-kindergarten through eight as mandated by the State and Federal agencies. The District operates four elementary schools, one virtual school, and a middle 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 Romoland School District, this includes general operations, food service, and student related activities of the District.

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. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below has 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 it were part of the District's operations, and because the governing board of the component units are 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 Romoland School District and the Romoland School District Public Financing Authority (the Authority) have a financial and operational relationship which meets the reporting entity definition criteria of (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Authority as component units of the District. Accordingly, the financial statements of the Authority have 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. Debt instruments issued by the Authority are included as long-term liabilities in 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 two broad fund categories: governmental 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 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 an extension 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 \$854,239.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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).

Non-Major Governmental Funds

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

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

- **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), or the 2006 State Schools 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.).

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.

- **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).

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.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. 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 related to funds held for various Community Facilities Districts.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

- **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 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

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

Prepaid Expenditures (Expense)

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

Capital Assets, Depreciation, and Amortization

General 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 general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation 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 50 years; improvements / infrastructure, 5 to 20 years; and equipment, 2 to 15 years. Land is not depreciated.

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

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

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 Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

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.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than 3.5 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 are 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 \$67,103,990 of Net Position, which is restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 18.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 97,663,889
Fiduciary funds	<u>55,608,748</u>
Total deposits and investments	<u><u>\$ 153,272,637</u></u>

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

Cash on hand and in banks	\$ 584,782
Cash in revolving	3,000
Investments	<u>152,684,855</u>
Total deposits and investments	<u><u>\$ 153,272,637</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

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

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 First American Treasury Obligations Funds and the Riverside County Treasury Investment Pool are rated Aaa by Moody's Ratings. Rating information for U.S. Bank Money Market Fund was not available.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation and the actual rating as of year-end for each investment is provided by the following schedule that shows the distribution of the District's investment by type and maturity:

Investment Type	Reported Amount	Maturity Date/ Weighted Average Maturity in Days
First American Government Obligation Fund, Class D	\$ 39,744,096	46 days
First American Government Obligation Fund, Class Y	7,358,410	46 days
First American Government Obligation Fund, Class Z	6,284,988	46 days
US Bank Money Market Fund	4,293,269	N/A
Riverside County Treasury Investment Pool	95,004,092	467 days
Total	\$ 152,684,855	

Custodial Credit Risk - Deposits

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

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 Measurements Using Level 2 Inputs
First American Treasury Obligation, Class D	\$ 39,744,096	\$ 39,744,096
First American Treasury Obligation, Class Y	7,358,410	7,358,410
First American Treasury Obligation, Class Z	6,284,988	6,284,988
US Bank Money Market Fund	4,293,269	4,293,269
Total	\$ 57,680,763	\$ 57,680,763

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	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	\$ 1,364,646	\$ -	\$ -	\$ 573,718	\$ 1,938,364
State Government					
LCFF apportionment	102,879	-	-	-	102,879
Categorical aid	2,164,571	-	-	783,058	2,947,629
Lottery	338,741	-	-	-	338,741
Local Government					
Interest	289,056	461,567	118,803	76,370	945,796
Other local sources	197,489	-	-	64,339	261,828
	<u>\$ 4,457,382</u>	<u>\$ 461,567</u>	<u>\$ 118,803</u>	<u>\$ 1,497,485</u>	<u>\$ 6,535,237</u>

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 18,718,565	\$ -	\$ -	\$ 18,718,565
Construction in progress	15,012,553	24,914,610	-	39,927,163
Total capital assets not being depreciated or amortized	33,731,118	24,914,610	-	58,645,728
Capital assets being depreciated and amortized				
Land improvements	4,124,486	19,799	-	4,144,285
Buildings and improvements	105,839,328	116,130	-	105,955,458
Furniture and equipment	2,670,150	127,011	-	2,797,161
Right-to-use leased buildings and improvements	168,688	123,996	(64,438)	228,246
Right-to-use leased furniture and equipment	135,316	-	-	135,316
Right-to-use subscription IT assets	57,118	105,507	(57,118)	105,507
Total capital assets being depreciated and amortized	112,995,086	492,443	(121,556)	113,365,973
Total capital assets	146,726,204	25,407,053	(121,556)	172,011,701
Accumulated depreciation and amortization				
Land improvements	(1,472,615)	(188,771)	-	(1,661,386)
Buildings and improvements	(35,391,357)	(2,467,373)	-	(37,858,730)
Furniture and equipment	(1,025,969)	(215,621)	-	(1,241,590)
Right-to-use leased buildings and improvements	(97,436)	(50,548)	64,438	(83,546)
Right-to-use leased furniture and equipment	(66,510)	(29,833)	-	(96,343)
Right-to-use subscription IT assets	(38,078)	(36,104)	57,118	(17,064)
Total accumulated depreciation and amortization	(38,091,965)	(2,988,250)	121,556	(40,958,659)
Net depreciable and amortizable capital assets	74,903,121	(2,495,807)	-	72,407,314
Governmental activities capital assets, net	\$ 108,634,239	\$ 22,418,803	\$ -	\$ 131,053,042

Depreciation and amortization expense was allocated to governmental functions as follows:

Governmental Activities		
Plant services		\$ 116,485
Unallocated		2,871,765
Total depreciation and amortization expense governmental activities		\$ 2,988,250

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds, are as follows:

Due To	Due From			Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ 400,000	\$ 451,340	\$ 851,340
Capital Facilities Fund	-	-	1	1
Special Reserve Fund for Capital Outlay Projects	<u>916,293</u>	<u>-</u>	<u>-</u>	<u>916,293</u>
Total	<u><u>\$ 916,293</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ 451,341</u></u>	<u><u>\$ 1,767,634</u></u>

A balance of \$300,000 is due from the Child Development Non-Major Governmental Fund to the General Fund for a temporary loan.

A balance of \$59,576 is due from the Child Development Non-Major Governmental Fund to the General Fund for payroll, benefits, and other operating expenditures.

A balance of \$9,923 is due from the Child Development Non-Major Governmental Fund to the General Fund for interest.

A balance of \$76,330 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of \$5,511 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for payroll, benefits, and other operating expenditures.

A balance of \$1 is due from the County School Facilities Non-Major Governmental Fund to the Capital Facilities Fund for interest.

A balance of \$916,293 is due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for costs related to the new elementary school.

A balance of \$400,000 is due from the Special Reserve for Capital Outlay Fund to the General Fund for community redevelopment funds.

Operating Transfers

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

Transfer To	General Fund	Transfer From Non-Major Governmental Funds	Total
Capital Facilities Fund	\$ -	\$ 331,481	\$ 331,481
Special Reserve Fund for Capital Outlay Projects	916,293	-	916,293
Total	<u>\$ 916,293</u>	<u>\$ 331,481</u>	<u>\$ 1,247,774</u>

The Debt Service Non-Major Governmental Fund for Blended Component Units transferred \$331,481 to the Capital Facilities Fund for construction payments. \$ 331,481

The General Fund transferred \$916,293 to the Special Reserve Fund for Capital Outlay Projects for construction payments. 916,293

Total \$ 1,247,774

Note 7 - Long-Term Receivable

Proceeds from bonds issued by the Romoland School District Public Financing Authority (RSD PFA) were used to purchase outstanding bonds of various Community Facilities Districts (CFDs). In accordance with the agreement between the RSD PFA and CFD's, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the RSD PFA. The total amount of benefit provided by the RSD PFA through the issuance of its special tax bonds was \$10,795,000. Current year payments totaling \$525,000 were made, leaving a total of \$7,455,000 due from the CFDs as of June 30, 2025.

Note 8 - Accounts Payable

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

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 829,772	\$ -	\$ 6,059	\$ 835,831
LCFF apportionment	5,685,415	-	-	5,685,415
Other Vendor Paybles	3,849,808	2,138,173	145,833	6,133,814
Total	<u>\$ 10,364,995</u>	<u>\$ 2,138,173</u>	<u>\$ 151,892</u>	<u>\$ 12,655,060</u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 22,451	\$ -	\$ 22,451
State categorical aid	23	262,238	262,261
Other local	12,606	-	12,606
Total	\$ 35,080	\$ 262,238	\$ 297,318

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2024 as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
RSD Public Financing Authority (PFA) local agency bonds	\$ 7,980,000	\$ -	\$ (525,000)	\$ 7,455,000	\$ 560,000
Educational Facilities Loans	15,000	-	(5,000)	10,000	5,000
Leases	140,573	123,996	(69,206)	195,363	73,635
Subscription-based IT arrangements	19,014	-	(19,014)	-	-
Compensated absences	4,075,345	1,011,997	-	5,087,342	2,811,975
Total	\$ 12,229,932	\$ 1,135,993	\$ (618,220)	\$ 12,747,705	\$ 3,450,610

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

Payments on the RSD Financing Authority local agency bonds are made by the Debt Service Fund for Component Units. Payments on the Education facilities loan are made by the Special Reserve Fund for Capital Outlay Projects. Payments on the leases are made by the General Fund and the Cafeteria Fund. Payments on the subscription-based IT arrangements are made by the General Fund.

Romoland School District Public Financing Authority Bonds

The Romoland School District Public Financing Authority (RSD PFA) was created to refinance certain Community Facility Districts' (CFD) debt. On November 5, 2015, the RSD PFA issued \$11,395,000 of Local Agency Bonds, Series 2015A. The bonds refinanced the debt for CFDs 2001-1 (2002 Special Tax Bonds), 2002-1 (2004A Special Tax Bonds), and 2002-2 (2005 Special Tax Bonds). On June 30, 2025, the principal balance outstanding on the RSD PFA bonds was \$7,455,000.

The local agency bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2026	\$ 560,000	\$ 273,563	\$ 833,563
2027	585,000	253,463	838,463
2028	625,000	229,263	854,263
2029	665,000	205,125	870,125
2030	700,000	181,238	881,238
2031-2035	3,835,000	469,631	4,304,631
2036	485,000	9,700	494,700
Total	<u>\$ 7,455,000</u>	<u>\$ 1,621,983</u>	<u>\$ 9,076,983</u>

Educational Facility Loan

On June 15, 1998, the Romoland School District entered into an agreement with the Redevelopment Agency of the County of Riverside (RDA) for the construction of the District's administration building (District Office). This agreement stipulated that the RDA would provide financing of up to \$300,000 out of the total project cost of \$700,000. The financing arrangements were split into project grant of \$150,000 and an interest-free loan of \$150,000. On June 30, 2025, the principal balance outstanding on the loan was \$10,000.

The Educational Facilities Loan matures as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2026	\$ 5,000
2027	5,000
Total	<u>\$ 10,000</u>

Leases

The District has entered into agreements to lease various facilities and equipment. The annual interest rate charged on the leases was 4.0%. At June 30, 2025, the District has recognized right-to-use leased assets of \$183,673, net of accumulated depreciation, and a lease liability of \$195,363 related to these arrangements. During the fiscal year, the District recorded \$80,381 in amortization expense and \$8,942 in interest expense for the right-to-use leased assets. The District used a discount rate of 4.00%, which was based on the terms of the lease agreement.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 73,635	\$ 6,511	\$ 80,146
2027	59,654	3,693	63,347
2028	30,345	1,909	32,254
2029	29,270	725	29,995
2030	2,459	11	2,470
Total	<u>\$ 195,363</u>	<u>\$ 12,849</u>	<u>\$ 208,212</u>

Note 11 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 1,638,024	\$ 455,441	\$ 1,067,936	\$ 121,575
Medicare Premium Payment (MPP) Program	180,208	-	-	(21,527)
Total	<u>\$ 1,818,232</u>	<u>\$ 455,441</u>	<u>\$ 1,067,936</u>	<u>\$ 100,048</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	21
Active employees	425
	446
Total	446

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 Romoland School District's Governing Board (the Governing Board) has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Romoland Teacher Association (RTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For the measurement period as of June 30, 2024, the District paid \$37,999 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$1,638,024 was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.80%
Salary increases	2.80%, average, including inflation
Discount rate	4.21% for 2024
Healthcare cost trend rates	8.00%

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

Mortality rates for employees were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Mortality rates for surviving spouses were based on the SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023 (Measurement Date)	\$ 1,482,830
Service cost	130,829
Interest	65,867
Differences between expected and actual experience	(51,936)
Changes of assumptions	48,433
Benefit payments	(37,999)
Net change in total OPEB liability	155,194
Balance, June 30, 2024 (Measurement Date)	\$ 1,638,024

There were no changes to the benefit terms from previous valuation.

Changes of assumptions and reflect a change in the discount rate from 4.13% in 2023 to 4.21% in 2024.

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

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

Discount Rate	Total OPEB Liability
1% decrease (3.21%)	\$ 1,744,282
Current discount rate (4.21%)	1,638,024
1% increase (5.21%)	1,534,690

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (7.00% decreasing to 3.50%)	\$ 1,478,316
Current healthcare cost trend rate (8.00% decreasing to 4.50%)	1,638,024
1% increase (9.00% decreasing to 5.50%)	1,826,119

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$121,575. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amount paid by the District for OPEB as the benefits come due subsequent to measurement date	\$ 53,288	\$ -
Differences between expected and actual experience	223,399	852,360
Changes of assumptions	178,754	215,576
Total	\$ 455,441	\$ 1,067,936

The deferred outflows of resources for amount paid by the District for OPEB as the benefits come due subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows/(inflows) of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (75,121)
2027	(75,121)
2028	(75,121)
2029	(75,121)
2030	(75,121)
Thereafter	(290,178)
Total	\$ (665,783)

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 \$180,208 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 0.0676%, and 0.0665%, resulting in a net increase in the proportionate share of 0.0011%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(21,527).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	\$ 194,440
Current discount rate (3.93%)	180,208
1% increase (4.93%)	167,693

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 Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 166,943
Current Medicare costs trend rate (5.00% Part A and 6.50% Part B)	180,208
1% increase (6.00% Part A and 7.50% Part B)	195,017

Note 12 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts and the Romoland School District Community Facilities, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, 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 and may initiate foreclosure proceedings. In the current year, additional non-obligatory debt in the amount of \$34,370,000 was issued by CFD 2020-2 IA1, 2020-2 IA2, and 2022-2, aggregately. Special assessment debt of \$238,045,000 as of June 30, 2025, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable						
Revolving cash	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Prepaid expenditures	8,941	-	-	-	-	8,941
Total nonspendable	<u>11,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,941</u>
Restricted						
Legally restricted programs	12,365,153	-	-	-	-	12,365,153
Student activity	-	-	-	-	81,062	81,062
Child development	-	-	-	-	579,410	579,410
Food service	-	-	-	-	9,060,892	9,060,892
Capital projects	-	41,649,701	1,480,503	67,262	-	43,197,466
Debt services	-	-	-	-	2,004,753	2,004,753
Total restricted	<u>12,365,153</u>	<u>41,649,701</u>	<u>1,480,503</u>	<u>67,262</u>	<u>11,726,117</u>	<u>67,288,736</u>
Assigned						
Deferred maintenance	854,239	-	-	-	-	854,239
Capital projects	-	-	11,082,098	-	-	11,082,098
LCAP carryover	1,855,780	-	-	-	-	1,855,780
FMV - county pool investments	75,413	108,316	29,819	-	21,261	234,809
Safety credits	11,384	-	-	-	-	11,384
One time	282,569	-	-	-	-	282,569
Facility use	53,423	-	-	-	-	53,423
Site / department donations	18,790	-	-	-	-	18,790
Library book replacement	8,258	-	-	-	-	8,258
New school supplies, textbooks	5,806,112	-	-	-	-	5,806,112
Other assigned	866,553	-	-	-	-	866,553
Total assigned	<u>9,832,521</u>	<u>108,316</u>	<u>11,111,917</u>	<u>-</u>	<u>21,261</u>	<u>21,074,015</u>
Unassigned						
Reserve for economic uncertainties	2,880,997	-	-	-	-	2,880,997
Total	<u>\$ 25,090,612</u>	<u>\$ 41,758,017</u>	<u>\$ 12,592,420</u>	<u>\$ 67,262</u>	<u>\$ 11,747,378</u>	<u>\$ 91,255,689</u>

Note 14 - 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 the Riverside Schools' Insurance Authority (RSIA) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. Excess coverage is provided by the Regional Liability Excess Fund (ReLiEF) public risk entity pool. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District participated in the Riverside Schools’ Risk Management Authority (RSRMA) risk entity pool for workers' compensation coverage. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in RSRMA. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee medical benefits. Additionally, the District purchases commercial insurance for basic life insurance and vision programs.

Note 15 - 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 Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 31,126,582	\$ 14,210,765	\$ 3,816,104	\$ 4,168,455
CalPERS	18,297,948	6,962,625	130,958	3,843,631
Total	<u>\$ 49,424,530</u>	<u>\$ 21,173,390</u>	<u>\$ 3,947,062</u>	<u>\$ 8,012,086</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:

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$6,281,604.

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	\$ 31,126,582
State's proportionate share of the net pension liability	<u>14,280,983</u>
Total	<u><u>\$ 45,407,565</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 0.0463% and 0.0449%, resulting in a net increase to the proportionate share of 0.0014%.

For the year ended June 30, 2025, the District recognized pension expense of \$4,168,455. In addition, the District recognized pension expense and revenue of \$1,300,116 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,281,604	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,272,090	203,523
Differences between projected and actual earnings on pension plan investments	-	125,595
Differences between expected and actual experience in the measurement of the total pension liability	3,520,817	1,361,148
Changes of assumptions	<u>136,254</u>	<u>2,125,838</u>
Total	<u><u>\$ 14,210,765</u></u>	<u><u>\$ 3,816,104</u></u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,086,637)
2027	2,513,087
2028	(205,038)
2029	(347,007)
Total	\$ (125,595)

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 assumption will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 912,732
2027	903,751
2028	690,671
2029	981,740
2030	741,271
Thereafter	8,487
Total	\$ 4,238,652

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 (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS 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:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming 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%)	\$ 55,364,004
Current discount rate (7.10%)	31,126,582
1% increase (8.10%)	10,887,329

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced

benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 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 \$3,146,185.

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 \$18,297,948. 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 0.0512% and 0.0511%, resulting in a net increase in the proportionate share of 0.0001%.

For the year ended June 30, 2025, the District recognized pension expense of \$3,843,631. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,146,185	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,167,208	-
Differences between projected and actual earnings on pension plan investments	710,770	-
Differences between expected and actual experience in the measurement of the total pension liability	1,534,016	130,958
Changes of assumptions	404,446	-
Total	\$ 6,962,625	\$ 130,958

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (6,127)
2027	1,105,085
2028	(163,289)
2029	(224,899)
Total	\$ 710,770

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,531,420
2027	1,076,656
2028	366,636
Total	\$ 2,974,712

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%)	\$ 27,181,755
Current discount rate (6.90%)	18,297,948
1% increase (7.90%)	10,959,217

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 \$2,883,631 (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 16 - 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 not currently a party to any legal proceedings.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Granite Hills School	\$ 9,360,000	August 2025
RES ELOP Portables	651,261	August 2025
HVES ELOP Portables	613,826	August 2025
Total	<u>\$ 10,625,087</u>	

Note 17 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of Riverside County Employer/Employee Partnership for Benefits (REEP), Riverside Schools’ Insurance Authority (RSIA), and Riverside Schools’ Risk Management Authority (RSRMA) public entity risk pools. The District pays an annual premium/contribution to each entity for its property and liability, workers' compensation, and excess liability coverage and county-wide delivery system for participating schools. The relationships between the District and the pools 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 \$5,487,586, \$504,206, and \$1,014,247 to REEP, RSIA, and RSRMA, respectively, for health care, property and liability, and workers' compensation coverage.

Note 18 - Restatement

Change within the Reporting Entity

During year ended June 30, 2025, there was a change within the financial reporting entity which resulted in the Capital Projects Funded for Blended Component Units being reported as a major governmental fund instead of non-major governmental fund. As a result, fund balance of the Capital Projects Fund for Blended Component Units of \$6,906,521 which was previously reported in the non-major governmental funds is now reported as a major governmental fund with a beginning fund balance of \$6,906,521. This resulted in adjustments to and restatements of beginning fund balance in the table below:

	Governmental Funds	
	Capital Projects Funded for Blended Component Units	Non-Major Governmental Funds
Beginning, as previously reported on June 30, 2024	\$ -	\$ 16,632,171
Change to or within the financial reporting entity	6,906,521	(6,906,521)
Beginning, as restated on July 1, 2024	\$ 6,906,521	\$ 9,725,650

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 increase by \$2,546,313 and \$1,122,679, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

Governmental Activities	
Net Position - Beginning, as previously reported June 30, 2024	\$ 167,586,304
Change in accounting principle	<u>(3,668,992)</u>
Net Position - Beginning, as restated July 1, 2024	<u><u>\$ 163,917,312</u></u>

Required Supplementary Information
June 30, 2025

Romoland School District

Romoland School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 62,362,540	\$ 62,242,747	\$ 62,443,476	\$ 200,729
Federal sources	2,467,721	3,532,410	2,630,224	(902,186)
Other State sources	10,858,589	11,623,471	11,929,822	306,351
Other local sources	3,944,703	4,740,512	5,852,663	1,112,151
Total revenues ¹	<u>79,633,553</u>	<u>82,139,140</u>	<u>82,856,185</u>	<u>717,045</u>
Expenditures				
Current				
Certificated salaries	32,794,349	34,738,763	34,474,011	264,752
Classified salaries	11,680,996	12,573,654	12,068,427	505,227
Employee benefits	18,712,887	19,862,382	19,434,668	427,714
Books and supplies	4,541,620	5,988,094	4,058,940	1,929,154
Services and operating expenditures	8,206,864	9,644,020	9,148,303	495,717
Capital outlay	669,339	4,019,184	2,100,034	1,919,150
Other outgo	97,020	91,228	162,098	(70,870)
Debt service				
Debt service - principal	5,000	-	67,615	(67,615)
Debt service - interest and other	-	-	7,805	(7,805)
Total expenditures ¹	<u>76,708,075</u>	<u>86,917,325</u>	<u>81,521,901</u>	<u>5,395,424</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,925,478</u>	<u>(4,778,185)</u>	<u>1,334,284</u>	<u>6,112,469</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Other sources - leases	-	-	123,996	123,996
Transfers out	(2,300,000)	(1,131,771)	(916,293)	215,478
Net Financing Uses	<u>(2,300,000)</u>	<u>(1,131,771)</u>	<u>(792,297)</u>	<u>339,474</u>
Net Change in Fund Balances	625,478	(5,909,956)	541,987	6,451,943
Fund Balance - Beginning	<u>24,548,625</u>	<u>24,548,625</u>	<u>24,548,625</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 25,174,103</u>	<u>\$ 18,638,669</u>	<u>\$ 25,090,612</u>	<u>\$ 6,451,943</u>

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

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

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 130,829	\$ 103,038	\$ 133,660	\$ 245,002
Interest	65,867	59,996	35,596	67,954
Difference between expected and actual experience	(51,936)	(110,857)	(31,595)	7,819
Changes of assumptions	48,433	112,324	(189,648)	(1,059,129)
Benefit payments	(37,999)	(90,110)	(62,194)	(96,739)
Net change in total OPEB liability	155,194	74,391	(114,181)	(835,093)
Total OPEB Liability - Beginning	1,482,830	1,408,439	1,522,620	2,357,713
Total OPEB Liability - Ending	<u>\$ 1,638,024</u>	<u>\$ 1,482,830</u>	<u>\$ 1,408,439</u>	<u>\$ 1,522,620</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 227,158	\$ 167,187	\$ 162,317	\$ 156,979
Interest	73,368	59,342	52,504	47,166
Difference between expected and actual experience	(90,183)	347,087	-	-
Changes of assumptions	86,406	69,984	(12,024)	-
Benefit payments	(81,429)	(59,040)	(53,766)	(51,206)
Net change in total OPEB liability	215,320	584,560	149,031	152,939
Total OPEB Liability - Beginning	2,142,393	1,557,833	1,408,802	1,255,863
Total OPEB Liability - Ending	<u>\$ 2,357,713</u>	<u>\$ 2,142,393</u>	<u>\$ 1,557,833</u>	<u>\$ 1,408,802</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Romoland 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	0.0676%	0.0665%	0.0639%	0.0581%
Proportionate share of the net OPEB liability	\$ 180,208	\$ 201,735	\$ 210,363	\$ 231,820
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0587%	0.0651%	0.0641%	0.0603%
Proportionate share of the net OPEB liability	\$ 285,979	\$ 242,349	\$ 245,530	\$ 253,761
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

CalSTRS	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	0.0463%	0.0449%	0.0426%	0.0387%	0.0387%
Proportionate share of the net pension liability	\$ 31,126,582	\$ 34,232,587	\$ 29,566,954	\$ 17,595,763	\$ 37,531,029
State's proportionate share of the net pension liability	<u>14,280,983</u>	<u>16,401,795</u>	<u>14,807,015</u>	<u>8,853,506</u>	<u>19,347,250</u>
Total	<u>\$ 45,407,565</u>	<u>\$ 50,634,382</u>	<u>\$ 44,373,969</u>	<u>\$ 26,449,269</u>	<u>\$ 56,878,279</u>
Covered payroll	<u>\$ 30,975,675</u>	<u>\$ 27,579,461</u>	<u>\$ 24,064,734</u>	<u>\$ 21,961,529</u>	<u>\$ 21,084,819</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>100.49%</u>	<u>124.12%</u>	<u>122.86%</u>	<u>80.12%</u>	<u>178.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84%</u>	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.0368%	0.0357%	0.0333%	0.0306%	0.0317%
Proportionate share of the net pension liability	\$ 33,225,316	\$ 32,845,647	\$ 30,811,416	\$ 24,728,200	\$ 21,384,693
State's proportionate share of the net pension liability	<u>18,126,628</u>	<u>18,805,669</u>	<u>18,227,773</u>	<u>14,077,323</u>	<u>9,652,301</u>
Total	<u>\$ 51,351,944</u>	<u>\$ 51,651,316</u>	<u>\$ 49,039,189</u>	<u>\$ 38,805,523</u>	<u>\$ 31,036,994</u>
Covered payroll	<u>\$ 20,098,391</u>	<u>\$ 19,062,024</u>	<u>\$ 17,877,273</u>	<u>\$ 15,597,586</u>	<u>\$ 14,646,655</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>165.31%</u>	<u>172.31%</u>	<u>172.35%</u>	<u>158.54%</u>	<u>146.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

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

CalPERS	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	0.0512%	0.0511%	0.0433%	0.0432%	0.0425%
Proportionate share of the net pension liability	<u>\$ 18,297,948</u>	<u>\$ 18,488,892</u>	<u>\$ 14,903,158</u>	<u>\$ 8,778,631</u>	<u>\$ 13,048,493</u>
Covered payroll	<u>\$ 10,356,076</u>	<u>\$ 9,062,495</u>	<u>\$ 6,635,526</u>	<u>\$ 6,301,681</u>	<u>\$ 6,132,412</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>176.69%</u>	<u>204.02%</u>	<u>224.60%</u>	<u>139.31%</u>	<u>212.78%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.0420%	0.0379%	0.0387%	0.0306%	0.0333%
Proportionate share of the net pension liability	<u>\$ 12,246,906</u>	<u>\$ 10,094,708</u>	<u>\$ 9,241,453</u>	<u>\$ 9,652,301</u>	<u>\$ 4,884,220</u>
Covered payroll	<u>\$ 5,805,376</u>	<u>\$ 4,865,392</u>	<u>\$ 4,979,896</u>	<u>\$ 4,126,817</u>	<u>\$ 3,684,895</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>210.96%</u>	<u>207.48%</u>	<u>185.58%</u>	<u>233.89%</u>	<u>132.55%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

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

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 6,281,604	\$ 5,916,354	\$ 5,267,677	\$ 4,071,753	\$ 3,546,787
Less contributions in relation to the contractually required contribution	<u>6,281,604</u>	<u>5,916,354</u>	<u>5,267,677</u>	<u>4,071,753</u>	<u>3,546,787</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 32,887,979</u>	<u>\$ 30,975,675</u>	<u>\$ 27,579,461</u>	<u>\$ 24,064,734</u>	<u>\$ 21,961,529</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	\$ 3,605,504	\$ 3,272,018	\$ 2,750,650	\$ 2,248,961	\$ 1,673,621
Less contributions in relation to the contractually required contribution	<u>3,605,504</u>	<u>3,272,018</u>	<u>2,750,650</u>	<u>2,248,961</u>	<u>1,673,621</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 21,084,819</u>	<u>\$ 20,098,391</u>	<u>\$ 19,062,024</u>	<u>\$ 17,877,273</u>	<u>\$ 15,597,586</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>

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

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 3,146,185	\$ 2,763,001	\$ 2,299,155	\$ 1,520,199	\$ 1,304,448
Less contributions in relation to the contractually required contribution	<u>3,146,185</u>	<u>2,763,001</u>	<u>2,299,155</u>	<u>1,520,199</u>	<u>1,304,448</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 11,630,998</u>	<u>\$ 10,356,076</u>	<u>\$ 9,062,495</u>	<u>\$ 6,635,526</u>	<u>\$ 6,301,681</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	\$ 1,209,373	\$ 1,048,567	\$ 755,644	\$ 691,608	\$ 620,847
Less contributions in relation to the contractually required contribution	<u>1,209,373</u>	<u>1,048,567</u>	<u>755,644</u>	<u>691,608</u>	<u>620,847</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,132,412</u>	<u>\$ 5,805,376</u>	<u>\$ 4,865,392</u>	<u>\$ 4,979,896</u>	<u>\$ 4,126,817</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 Schedules

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

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

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

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan'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 the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 4.13% in 2023 to 4.21% in 2024.

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

Romoland School District

Romoland School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	\$ 35,530
Title I, Part A, Basic Grants Low Income and Neglected School Improvement Funding for LEAs	84.010 84.010	14329 15438	992,025 <u>140,579</u>
Subtotal			<u>1,132,604</u>
Title III, English Learner Student Program	84.365	14346	63,752
Title III, Immigrant Education Program	84.365	15146	<u>6,534</u>
Subtotal			<u>70,286</u>
Title II, Part A, Supporting Effective Instruction	84.367	14341	180,483
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	43,695
Passed through Riverside County SELPA			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,006,411
Quality Assurance & Focused Monitoring	84.027A	13693	81,548
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>54,870</u>
Subtotal			<u>1,142,829</u>
Preschool Grants, Part B, Sec 619	84.173	13430	26,041
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>273</u>
Subtotal			<u>26,314</u>
Subtotal Special Education Cluster (IDEA)			<u>1,169,143</u>
Total U.S. Department of Education			<u>2,631,741</u>

Romoland School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the California Department of Education			
Child Nutrition Cluster			
School Breakfast Basic	10.553	13526	\$ 1,106,400
School Lunch - Section 4	10.555	13523	295,137
School Lunch - Section 11	10.555	13524	1,512,372
Commodities	10.555	13524	164,681
Supply Chain Assistance (SCA) Funds	10.555	15655	122,200
Local Food for Schools	10.555	15708	<u>3,519</u>
Subtotal			<u>2,097,909</u>
Subtotal Child Nutrition Cluster			<u>3,204,309</u>
Team Nutrition	10.574	15332	5,659
Passed through the California Department of Social Services			
Child and Adult Food Care Program (CACFP)			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	417,861
Cash in Lieu of Commodities	10.558	13534	<u>21,653</u>
Subtotal Child and Adult Food Care Program			<u>439,514</u>
Total U.S. Department of Agriculture			<u>3,649,482</u>
U.S. Department of Health and Human Services			
Passed through California Department of Social Services			
COVID-19 ARP California State Preschool Program			
One-Time Stipend	93.575	15640	<u>31,000</u>
Subtotal			<u>31,000</u>
Total U.S. Department of Health and Human Services			<u>31,000</u>
Total Federal Financial Assistance			<u><u>\$ 6,312,223</u></u>

Romoland School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Final Report		As Adjusted per Audit	
	Second Period Report F1983FCA	Annual Report 38BA7226	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	2,023.75	2,037.86	2,043.97	2,052.29
Fourth through sixth	1,481.82	1,488.50	1,495.48	1,498.23
Seventh and eighth	946.94	951.33	954.39	956.65
Total Regular ADA	4,452.51	4,477.69	4,493.84	4,507.17
Extended Year Special Education				
Transitional kindergarten through third	3.42	3.42	3.42	3.42
Fourth through sixth	1.02	1.02	1.02	1.02
Total Extended Year Special Education	4.44	4.44	4.44	4.44
Special Education, Nonpublic, Nonsectarian Schools				
Fourth through sixth	2.70	2.60	2.70	2.60
Seventh and eighth	0.80	0.86	0.80	0.86
Total Special Education, Nonpublic, Nonsectarian Schools	3.50	3.46	3.50	3.46
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Fourth through sixth	0.18	0.18	0.18	0.18
Seventh and eighth	0.02	0.02	0.02	0.02
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.20	0.20	0.20	0.20
Total ADA	4,460.65	4,485.79	4,501.98	4,515.27

Romoland School District
Schedule of Instructional Time
Year Ended June 30, 2025

All school sites, except Harvest Valley Elementary

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	49,190	190	49,380	179	1	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		52,565	205	52,770	179	1	180	N/A	N/A	N/A	Complied
Grade 2		52,565	205	52,770	179	1	180	N/A	N/A	N/A	Complied
Grade 3		52,565	205	52,770	179	1	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,075	225	54,300	179	1	180	N/A	N/A	N/A	Complied
Grade 5		54,070	230	54,300	179	1	180	N/A	N/A	N/A	Complied
Grade 6		58,345	245	58,590	179	1	180	N/A	N/A	N/A	Complied
Grade 7		58,345	245	58,590	179	1	180	N/A	N/A	N/A	Complied
Grade 8		58,345	245	58,590	179	1	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A waiver for 190 minutes for Kindergarten, 205 minutes for grade 1 to grade 3, 225 minutes for grade 4, 230 minutes for grade 5, and 245 minutes for grade 6 to grade 8, and one day.

Harvest Valley Elementary School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	52,700	490	53,190	178	2	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		52,245	525	52,770	178	2	180	N/A	N/A	N/A	Complied
Grade 2		52,245	525	52,770	178	2	180	N/A	N/A	N/A	Complied
Grade 3		52,245	525	52,770	178	2	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		53,960	550	54,510	178	2	180	N/A	N/A	N/A	Complied
Grade 5		53,745	555	54,300	178	2	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A waiver for 490 minutes for Kindergarten, 525 minutes for grade 1 to grade 3, 550 minutes for grade 4, and 555 minutes for grade 5, and two days.

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

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

Romoland School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ¹	2023 ¹
General Fund ³				
Revenues	\$ 84,176,467	\$ 82,827,253	\$ 80,198,247	\$ 80,461,015
Other sources and transfers in	400,000	123,996	7,534	161,368
Total revenues and other sources	<u>84,576,467</u>	<u>82,951,249</u>	<u>80,205,781</u>	<u>80,622,383</u>
Expenditures	88,418,137	81,521,900	75,974,967	69,193,955
Other uses and transfers out	1,899,571	916,293	3,806,806	824,381
Total expenditures and other uses	<u>90,317,708</u>	<u>82,438,193</u>	<u>79,781,773</u>	<u>70,018,336</u>
Increase/(Decrease) in Fund Balance	<u>(5,741,241)</u>	<u>513,056</u>	<u>424,008</u>	<u>10,604,047</u>
Ending Fund Balance	<u>\$ 18,495,132</u>	<u>\$ 24,236,373</u>	<u>\$ 23,723,317</u>	<u>\$ 23,299,309</u>
Available Reserves ²	<u>\$ 3,161,120</u>	<u>\$ 2,880,997</u>	<u>\$ 2,739,361</u>	<u>\$ 2,416,141</u>
Available Reserves as a Percentage of Total Outgo	<u>3.50%</u>	<u>3.49%</u>	<u>3.43%</u>	<u>3.45%</u>
Long-Term Liabilities ⁴	<u>N/A</u>	<u>\$ 63,990,467</u>	<u>\$ 62,966,984</u>	<u>\$ 55,201,694</u>
K-12 Average Daily Attendance at P-2	<u>4,619</u>	<u>4,502</u>	<u>4,339</u>	<u>4,157</u>

The General Fund balance has increased by \$937,064 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$5,741,241 (23.7%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years; however, the District anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by \$8,788,773 over the past two years.

Average daily attendance has increased by 345 over the past two years. An increase of 117 ADA is anticipated during fiscal year 2025-2026.

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

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

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

⁴ Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 18 for further information.

Romoland School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Student Activity Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 81,062	\$ 843,756	\$ 8,185,792	\$ 1	\$ 2,004,753	\$ 11,115,364
Receivables	-	458,140	1,039,345	-	-	1,497,485
Total assets	\$ 81,062	\$ 1,301,896	\$ 9,225,137	\$ 1	\$ 2,004,753	\$ 12,612,849
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 12,425	\$ 139,467	\$ -	\$ -	\$ 151,892
Due to other funds	-	445,829	5,511	1	-	451,341
Unearned revenue	-	262,238	-	-	-	262,238
Total liabilities	-	720,492	144,978	1	-	865,471
Fund Balances						
Restricted	81,062	579,410	9,060,892	-	2,004,753	11,726,117
Assigned	-	1,994	19,267	-	-	21,261
Total fund balances	81,062	581,404	9,080,159	-	2,004,753	11,747,378
Total liabilities and fund balances	\$ 81,062	\$ 1,301,896	\$ 9,225,137	\$ 1	\$ 2,004,753	\$ 12,612,849

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

	Student Activity Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund
Revenues				
Federal sources	\$ -	\$ -	\$ 3,547,068	\$ -
Other State sources	-	1,627,255	2,221,646	-
Other local sources	236,304	278,381	459,465	-
Total revenues	236,304	1,905,636	6,228,179	-
Expenditures				
Current				
Instruction	-	1,181,198	-	-
Instruction-related activities				
Supervision of instruction	-	150,491	-	-
School site administration	-	205,761	-	-
Pupil services				
Food services	-	4,604	4,451,514	-
Administration				
All other administration	-	76,330	-	-
Plant services	-	31,000	172	-
Ancillary services	215,608	-	-	-
Facility acquisition and construction	-	-	14,020	-
Debt service				
Principal	-	-	20,605	-
Interest and other	-	-	2,373	-
Total expenditures	215,608	1,649,384	4,488,684	-
Excess of Revenues Over Expenditures	20,696	256,252	1,739,495	-
Other Financing Uses				
Transfers out	-	-	-	-
Net Change in Fund Balances	20,696	256,252	1,739,495	-
Fund Balance - Beginning, as previously reported	60,366	325,152	7,340,664	-
Adjustments (Note 18)	-	-	-	-
Fund Balance - Beginning, as restated	60,366	325,152	7,340,664	-
Fund Balance - Ending	<u>\$ 81,062</u>	<u>\$ 581,404</u>	<u>\$ 9,080,159</u>	<u>\$ -</u>

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

	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues			
Federal sources		\$ -	\$ 3,547,068
Other State sources		-	3,848,901
Other local sources		1,151,603	2,125,753
		<u>1,151,603</u>	<u>2,125,753</u>
Total revenues		<u>1,151,603</u>	<u>9,521,722</u>
Expenditures			
Current			
Instruction		-	1,181,198
Instruction-related activities			
Supervision of instruction		-	150,491
School site administration		-	205,761
Pupil services			
Food services		-	4,456,118
Administration			
All other administration		-	76,330
Plant services		-	31,172
Ancillary services		-	215,608
Facility acquisition and construction		-	14,020
Debt service			
Principal		525,000	545,605
Interest and other		289,837	292,210
		<u>814,837</u>	<u>7,168,513</u>
Total expenditures		<u>814,837</u>	<u>7,168,513</u>
Excess of Revenues Over Expenditures		<u>336,766</u>	<u>2,353,209</u>
Other Financing Uses			
Transfers out		<u>(331,481)</u>	<u>(331,481)</u>
Net Change in Fund Balances		5,285	2,021,728
Fund Balance - Beginning, as previously reported	6,906,521	1,999,468	16,632,171
Adjustments (Note 18)	(6,906,521)	-	(6,906,521)
Fund Balance - Beginning, as restated	<u>-</u>	<u>1,999,468</u>	<u>9,725,650</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 2,004,753</u>	<u>\$ 11,747,378</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Other Information
June 30, 2025

Romoland School District

ORGANIZATION

The Romoland School District (the District) was organized in 1927, 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 pre-kindergarten through twelve as mandated by the State and Federal agencies. The District operates four elementary schools, one virtual school, and a middle school. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mrs. Cynthia Navarro	President	2026
Mr. Manuel Aguirre	Clerk	2028
Mr. David Sperry	Member	2028
Mr. Christopher Clark	Member	2026
Mr. O'rell Colbert	Member	2026

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Mr. Trevor Painton	Superintendent
Mrs. Karen Owen	Chief Business Official
Dr. Michelle Wise, Ph.D.	Assistant Superintendent, Education Services
Mr. Vince Butler	Chief Technology Officer
Mr. John Murray	Chief Personnel Officer

Independent Auditor's Reports
June 30, 2025

Romoland 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
Romoland School District
Homeland, 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 Romoland 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 10, 2025.

Adoption of New Accounting Standard

As discussed in Note 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 10, 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
Romoland School District
Homeland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Romoland 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

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

over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

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

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

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



Rancho Cucamonga, California
December 10, 2025



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

To the Governing Board
Romoland School District
Homeland, California

Report on Compliance

Opinion on State Compliance

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

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
 School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
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 our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2025-002 and 2025-003. Our opinion on state compliance is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-002 and 2025-003 to be significant deficiencies.

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 responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Eide Bailly LLP

Rancho Cucamonga, California
December 10, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Romoland School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Title I, Part A, Basic Grants Low Income and Neglected School Improvement Funding for LEAs	84.010 84.010
Child Nutrition Cluster	10.553, 10.555
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance 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

None reported.

The following finding represents a significant deficiency in internal control that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2025-001 50000 – Eligibility

Federal Agency: Department of Education
 Pass-Through Entity: California Department of Education
 Program Name: Title I, Part A, Basic Grants Low Income and Neglected
 Federal Financial Assistance Listing: 84.010
 Award Year: 2025
 Compliance Requirement: E (Eligibility)
 Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria

Per Title 34, *Code of Federal Regulations*, Part 200, Subpart A, Section 200.78(a), LEAs are required to report Title I, Part A School Student Counts data collection on their Consolidated Application and Reporting System (CARS). The purpose of Title I, Part A School Student Counts is to report low-income measurement, student enrollment counts, and low-income student enrollment counts. School allocations are reported in the CARS, which is used to distribute funds to school sites and eligible private schools by the LEA.

Condition

The District was unable to provide documentation used to populate student low-income enrollment counts on the CARS report for one site.

Cause

The identified condition appears to have materialized due to ineffective monitoring over this specific compliance requirement.

Effect

Allocation schedule by school site was inaccurate by immaterial amounts for one of six school sites.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context

The condition was identified during the course of our review of supporting documents and our inquiry with the District's personnel. One of one Title I, Part A School Allocations form was selected for testing.

Repeat Finding

No.

Recommendation

The District may elect to use the pre-populated figures in this section of the CARS. Pre-populated figures are derived from the California Longitudinal Pupil Achievement Data Systems (CALPADS) Fall 1 data collection (CALPADS 1.17). Additionally, the District may elect to revise pre-populated figures with the CALPADS 1.17 reports from prior year or current year. Most importantly, if the District elects to revise the pre-populated figures it must be consistent in terms of using the same CALPAIDS 1.17 for all sites' student enrollment counts and keep these files on record.

Corrective Action Plan and Views of Responsible Officials

The initial issue was resolved. We determined that a transposition error occurred during the entry of the student count numbers into the CARS system. Importantly, this data entry error did not affect the funding allocation received.

In accordance with the auditor's recommendations, we will continue to utilize the CalPads 1.17 report for reporting student counts for each school.

Moving forward, we will implement a dual-verification process, requiring a second person to confirm data accuracy during the entry of numbers into CARS, thereby mitigating the risk of future data entry errors.

The following findings represent significant deficiencies of internal controls and instances of noncompliance including questioned costs that are required to be reported by the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance

2025-002 10000 – Attendance

Criteria

Pursuant to California *Education Code* Section 46300, the Second Period and Annual Period reports of attendance submitted to the California Department of Education must reconcile back to supporting documents that the Local Education Agency (LEA) has prepared in connection with the calculation of its Average Daily Attendance (ADA) reported on each of the reporting line items. In addition, the LEA must account for J-13A waiver requests related to the school site closures.

Condition

The District reported 2,023.75 ADA for grades TK-3, 1,481.82 ADA for grades 4-6, and 946.94 ADA for grades 7-8 on the Second Period Report of Attendance (P2) and 2,037.86 ADA for grades TK-3, 1,488.50 ADA for grades 4-6, and 951.33 ADA for grades 7-8 on the Annual Period Report of Attendance (PA). However, the District did not take into account the J-13A waiver requests when calculating the ADA. As such, the District under-reported the ADA by 20.22 for grades TK-3, 13.66 for grades 4-6, and 7.45 for grades 7-8 on the P2. In addition, the District under-reported the ADA by 14.43 for grades TK-3, 9.73 for grades 4-6, and 5.32 for grades 7-8 on the PA.

Cause

The cause was identified to be a misunderstanding of the timing of when the J-13A waiver should be accounted for.

Effect

As a result of the condition identified the District under reported 41.33 ADA on the P2 and 29.48 ADA on the PA.

Questioned Costs

Using the derived value of ADA for the impacted grade spans times the under claimed ADA, it was determined that there will be an estimated increase in the future funding of the Local Control Funding Formula (LCFF) as follows:

<u>Grade Span</u>	<u>Under Reported ADA</u>	<u>Derived Value of ADA by Grade Span</u>	<u>Estimated Future LCFF Impact</u>
TK-3	20.22	\$ 14,213.14	\$ 287,389.69
4-6	13.66	13,068.95	178,521.86
7-8	7.45	13,455.48	100,243.33
	<u>41.33</u>		<u>\$ 566,154.87</u>

Repeat Finding

No.

Recommendation

The District should review the California Department of Education’s guidance on how to account for the J-13A waivers.

Corrective Action Plan and Views of Responsible Officials

The District has reviewed the California Department of Education’s guidance on how to properly account for J-13A waivers and will adjust school calendars accordingly in the event of emergency-related closures. In addition, the District has developed a J-13A procedure checklist to ensure all required documentation, timelines, and reporting steps are consistently followed. These measures will help safeguard the accuracy of future attendance reports and ensure full compliance with state requirements. The employee responsible for this reporting is the Accounting Technician Financial and the CBO reviews and approves all reports.

2025-003 40000 – After School Education and Safety Program

Criteria

Per California *Education Code* Section 8483(a)(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program during which pupils participate, except as allowed by the early release policy. Pupil attendance records must be maintained to verify and support the program’s compliance with this requirement.

Condition

While verifying the total students served for Harvest Valley Elementary School and Romoland Elementary School for the month of November 2024, the auditor noted instances where students were signed out early without documenting the reason for early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy.

Cause

The cause of the condition appears to be a result of the sites not having parents sign students out between 5pm and 6pm.

Effect

The District is not in compliance with California *Education Code* Section 8483(a)(2).

Questioned Costs

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

Repeat Finding

No.

Recommendation

We recommend that the District should ensure the sites are following the early release policy and have parents sign-out students before 6pm and documenting the reason for early release.

Corrective Action Plan and Views of Responsible Officials

We have corrected this issue and now require all parents at HVES and RES to provide a reason for early release for any check-outs occurring before 5:45. This corrective action was implemented once the auditors clarified the "reasonable time" for early release. With our new software, parents are automatically prompted to enter a reason for early release for any check-outs before 5:45. The individuals responsible for oversight will be the Site Leads, Expanded Learning Program Supervisor, and the Director of Expanded and Specialized Programs.

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