EAST SIDE UNION HIGH SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2025

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Independent Auditors' Report

Governing Board
East Side Union High School District
San Jose, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the East Side Union High School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is 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.

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Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 of the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of OPEB contributions, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Side Union High School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 annual report. 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 19, 2025 on our consideration of the East Side Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Side Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Side Union High School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 19, 2025

INTRODUCTION

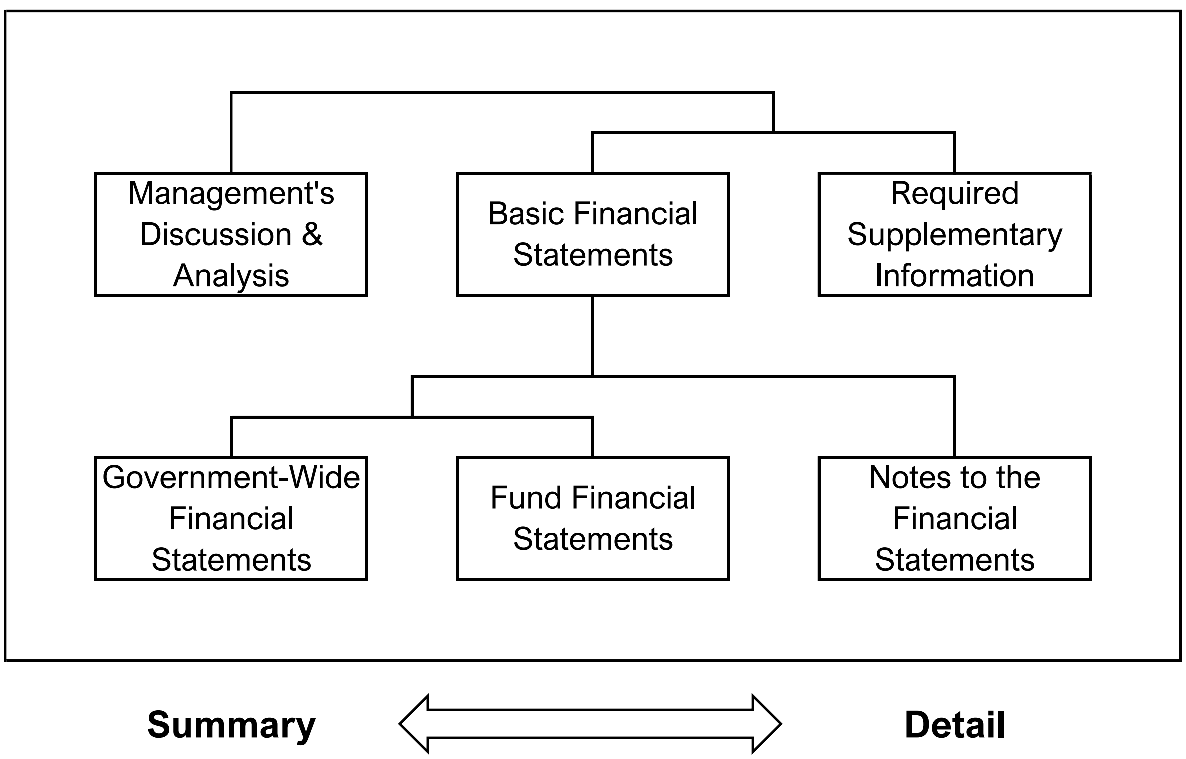
Our discussion and analysis of East Side Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $161,417,457 at June 30, 2025. This was an increase of $29,416,744 from the prior year. The District had a $50,284,543 change in net position from current year operations that was offset by a $20,867,799 decrease in net position due to the implementation of GASB Statement No. 101 and removal of the District's proportionate share of the Net OPEB Liability for the MPP Program.
- Overall revenues were $515,509,890 which exceeded expenses of $465,225,347.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

    - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

    - **Fiduciary Funds** report resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide statement because the resources of the fund are not available to support the District's own programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $161,417,457 at June 30, 2025, as reflected in the table below. Of this amount, $(241,694,725) was unrestricted. 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.

	Governmental Activities		
	2025	**2024**	**Net Change**
ASSETS			
Current and other assets	$ 494,596,359	$ 508,395,534	$ (13,799,175)
Capital assets	858,998,917	840,137,641	18,861,276
Total Assets	1,353,595,276	1,348,533,175	5,062,101
DEFERRED OUTFLOWS OF RESOURCES	104,758,168	118,221,544	(13,463,376)
LIABILITIES			
Current liabilities	147,538,397	60,274,480	87,263,917
Long-term liabilities	1,088,309,989	1,213,455,036	(125,145,047)
Total Liabilities	1,235,848,386	1,273,729,516	(37,881,130)
DEFERRED INFLOWS OF RESOURCES	61,087,601	61,024,490	63,111
NET POSITION			
Net investment in capital assets	260,438,856	207,118,300	53,320,556
Restricted	142,673,326	176,032,156	(33,358,830)
Unrestricted	(241,694,725)	(251,149,743)	9,455,018
Total Net Position	$ 161,417,457	$ 132,000,713	$ 29,416,744

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	$ 1,271,119	$ 1,398,708	$ (127,589)
Operating grants and contributions	54,470,380	78,386,704	(23,916,324)
Capital grants and contributions	23,389,412	375,548	23,013,864
General revenues			
Property taxes	254,710,120	247,897,370	6,812,750
Unrestricted federal and state aid	155,171,390	165,169,275	(9,997,885)
Other	26,497,469	33,589,354	(7,091,885)
Total Revenues	515,509,890	526,816,959	(11,307,069)
EXPENSES			
Instruction	220,721,817	219,332,918	1,388,899
Instruction-related services	52,251,428	51,544,834	706,594
Pupil services	81,219,036	77,245,386	3,973,650
General administration	20,872,181	32,221,632	(11,349,451)
Plant services	39,259,306	46,300,834	(7,041,528)
Ancillary and community services	13,751,205	13,209,110	542,095
Debt service	25,499,860	17,283,478	8,216,382
Other outgo	11,650,514	9,881,695	1,768,819
Total Expenses	465,225,347	467,019,887	(1,794,540)
Change in net position	50,284,543	59,797,072	(9,512,529)
Net Position - Beginning, as Restated*	111,132,914	72,203,641	38,929,273
Net Position - Ending	$ 161,417,457	$ 132,000,713	$ 29,416,744

Beginning net position was restated for the 2025 year only.

The cost of all our governmental activities this year was $465,225,347 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $254,710,120 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, charges for services, and other general revenues.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. 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.

	Net Cost of Services	
	2025	**2024**
Instruction	$ 180,010,907	$ 190,923,839
Instruction-related services	41,930,817	35,807,089
Pupil services	64,549,826	54,908,343
General administration	19,166,669	30,761,060
Plant services	38,087,027	42,625,363
Ancillary and community services	5,291,098	4,730,216
Debt service	25,499,860	17,283,478
Transfers to other agencies	11,558,232	9,819,539
Total	$ 386,094,436	$ 386,858,927

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $433,202,356, which is less than last year's ending fund balance of $448,124,338. The District's General Fund had $39,668,190 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Building Fund had $55,330,161 less in operating revenues than expenditures for the year ended June 30, 2025 as well as $74,127,069 in net financing sources from an issuance of a new general obligation bond and an operating transfer. This resulted in a net increase in fund balance of $18,796,908. The District's Bond Interest and Redemption Fund had $6,790,841 less in operating revenues than expenditures for the year ended June 30, 2025 as well as $3,923,060 in net financing sources from issuances of a new general obligation bond as well as refunding bonds. This resulted in a net decrease in fund balance of $2,867,781.

CURRENT YEAR BUDGET 2024-2025

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025 the District had invested $858,998,917 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	$ 25,442,454	$ 25,442,454	$ -
Construction in progress	78,751,725	69,489,598	9,262,127
Land improvements	183,952,657	176,114,262	7,838,395
Buildings & improvements	1,026,415,239	989,166,122	37,249,117
Furniture & equipment	40,363,573	38,492,971	1,870,602
Less: Accumulated depreciation	(495,926,731)	(458,567,766)	(37,358,965)
Total	$ 858,998,917	$ 840,137,641	$ 18,861,276

Long-Term Liabilities

At year-end, the District had $1,088,309,989 in long-term liabilities, a decrease of 4% from last year after restatement – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024, as Restated	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 818,059,382	$ 859,886,641	$ (41,827,259)
OPEB bonds	22,465,000	23,670,000	(1,205,000)
Supplemental employee retirement plan	6,123,452	7,654,315	(1,530,863)
Compensated absences	26,992,899	27,325,571	(332,672)
Net OPEB liability	57,685,752	47,892,507	9,793,245
Net pension liability	241,159,763	267,893,801	(26,734,038)
Less: current portion of long-term liabilities	(84,176,259)	(102,189,146)	18,012,887
Total	$ 1,088,309,989	$ 1,132,133,689	$ (43,823,700)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the District's financial condition in the coming year, including continued enrollment declines, uncertain Federal and State revenues, high pension obligations, and a cooling California economy.

Pension Liabilities and Employer Rates

The District participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Districts must continue to account for escalating pension costs in long-range projections.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Long-Term Declining Enrollment

California's K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at $114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analysis by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute notes that up to $5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that districts maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The District's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, at East Side Union High School District, 830 North Capitol Avenue, San Jose, California 95133, (408) 347-5050.

EAST SIDE UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 461,029,640
Accounts receivable	29,598,896
Inventory	653,861
Prepaid expenses	1,460,536
Other current assets	16,738
Lease receivable	1,836,688
Capital assets:	
Capital assets, not depreciated	104,194,179
Capital assets, net of accumulated depreciation	754,804,738
Total Assets	1,353,595,276
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	81,901,622
Deferred outflows related to OPEB	18,632,832
Deferred amount on refunding	4,223,714
Total Deferred Outflows of Resources	104,758,168
LIABILITIES	
Accrued liabilities	54,946,076
Unearned revenue	8,416,062
Long-term liabilities, current portion	84,176,259
Long-term liabilities, non-current portion	1,088,309,989
Total Liabilities	1,235,848,386
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	30,608,881
Deferred inflows related to OPEB	21,527,509
Deferred amount on refunding	7,110,397
Deferred inflows related to leases	1,840,814
Total Deferred Inflows of Resources	61,087,601
NET POSITION	
Net investment in capital assets	260,438,856
Restricted:	
Capital projects	22,785,227
Debt service	77,829,630
Educational programs	31,526,173
Food service	7,529,523
Associated student body	3,002,773
Unrestricted	(241,694,725)
Total Net Position	$ 161,417,457

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	$ 220,721,817	$ 264,112	$ 17,057,386	$ 23,389,412	$ (180,010,907)
Instruction-related services					
Instructional supervision and administration	25,602,779	289,361	6,440,662	-	(18,872,756)
Instructional library, media, and technology	1,348,323	-	51,088	-	(1,297,235)
School site administration	25,300,326	17,048	3,522,452	-	(21,760,826)
Pupil services					
Home-to-school transportation	12,856,325	-	166,929	-	(12,689,396)
Food services	10,376,884	48,837	11,427,983	-	1,099,936
All other pupil services	57,985,827	605,227	4,420,234	-	(52,960,366)
General administration					
Centralized data processing	2,713,673	-	-	-	(2,713,673)
All other general administration	18,158,508	17,965	1,687,547	-	(16,452,996)
Plant services	39,259,306	14,755	1,157,524	-	(38,087,027)
Ancillary services	9,048,926	3,729	4,176,276	-	(4,868,921)
Community services	4,702,279	4,656	4,275,446	-	(422,177)
Interest on long-term debt	25,499,860	-	-	-	(25,499,860)
Other outgo	11,650,514	5,429	86,853	-	(11,558,232)
Total Governmental Activities	$ 465,225,347	$ 1,271,119	$ 54,470,380	$ 23,389,412	(386,094,436)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					138,108,296
Property taxes, levied for debt service					110,561,257
Property taxes, levied for other specific purposes					6,040,567
Federal and state aid not restricted for specific purposes					155,171,390
Interest and investment earnings					19,828,193
Interagency revenues					3,512,410
Miscellaneous					3,156,866
Subtotal, General Revenue					436,378,979
CHANGE IN NET POSITION					50,284,543
Net Position - Beginning, as Restated					111,132,914
Net Position - Ending					$ 161,417,457

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 86,310,209	$ 238,253,158	$ 89,175,630	$ 37,976,696	$ 451,715,693
Accounts receivable	26,082,726	1,853,885	418,339	1,173,301	29,528,251
Stores inventory	353,013	-	-	300,848	653,861
Prepaid expenditures	354,449	1,106,087	-	-	1,460,536
Other current assets	-	-	-	16,738	16,738
Lease receivable	1,836,688	-	-	-	1,836,688
Total Assets	$ 114,937,085	$ 241,213,130	$ 89,593,969	$ 39,467,583	$ 485,211,767
LIABILITIES					
Accrued liabilities	$ 26,991,692	$ 13,089,194	$ 26,768	$ 1,644,881	$ 41,752,535
Unearned revenue	7,531,945	-	-	884,117	8,416,062
Total Liabilities	34,523,637	13,089,194	26,768	2,528,998	50,168,597
DEFERRED INFLOWS					
Deferred inflows related to leases	1,840,814	-	-	-	1,840,814
Total Deferred Inflows	1,840,814	-	-	-	1,840,814
FUND BALANCES					
Nonspendable	716,462	1,106,087	-	321,365	2,143,914
Restricted	28,757,256	227,017,849	89,567,201	36,086,440	381,428,746
Assigned	37,213,550	-	-	530,780	37,744,330
Unassigned	11,885,366	-	-	-	11,885,366
Total Fund Balances	78,572,634	228,123,936	89,567,201	36,938,585	433,202,356
Total Liabilities, Deferred Inflows and Fund Balances	$ 114,937,085	$ 241,213,130	$ 89,593,969	$ 39,467,583	$ 485,211,767

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds		$ 433,202,356
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 1,354,925,648	
Accumulated depreciation	(495,926,731)	858,998,917
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		(2,886,683)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(11,737,571)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ (818,059,382)	
OPEB bonds	(22,465,000)	
Supplemental employee retirement plan	(6,123,452)	
Compensated absences	(26,992,899)	
Net OPEB liability	(57,685,752)	
Net pension liability	(241,159,763)	(1,172,486,248)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 81,901,622	
Deferred inflows of resources related to pensions	(30,608,881)	51,292,741
Deferred outflows and inflows of resources relating to OPEB:		
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	$ 18,632,832	
Deferred inflows of resources related to OPEB	(21,527,509)	(2,894,677)
Internal service funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		7,928,622
Total Net Position - Governmental Activities		$ 161,417,457

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 283,292,275	$ -	$ -	$ -	$ 283,292,275
Federal sources	13,147,057	-	-	7,439,287	20,586,344
Other state sources	35,241,621	6,039	400,463	42,359,482	78,007,605
Other local sources	24,104,762	10,807,054	112,740,429	7,047,335	154,699,580
Total Revenues	355,785,715	10,813,093	113,140,892	56,846,104	536,585,804
EXPENDITURES					
Current					
Instruction	212,436,197	-	-	4,370,577	216,806,774
Instruction-related services					
Instructional supervision and administration	24,354,818	-	-	651,635	25,006,453
Instructional library, media, and technology	1,186,835	-	-	86,714	1,273,549
School site administration	20,945,113	-	-	3,661,709	24,606,822
Pupil services					
Home-to-school transportation	11,803,751	-	-	-	11,803,751
Food services	892,614	-	-	9,674,062	10,566,676
All other pupil services	56,175,901	-	-	172,953	56,348,854
General administration					
Centralized data processing	2,454,491	-	-	-	2,454,491
All other general administration	15,967,028	-	-	906,179	16,873,207
Plant services	31,205,861	-	-	1,167,782	32,373,643
Facilities acquisition and construction	-	65,895,490	-	36,000	65,931,490
Ancillary services	4,144,925	-	-	4,162,725	8,307,650
Community services	17,613	-	-	4,286,618	4,304,231
Transfers to other agencies	11,404,514	-	-	-	11,404,514
Debt service					
Principal	1,205,000	-	92,365,020	-	93,570,020
Interest and other	1,259,244	247,764	27,566,713	-	29,073,721
Total Expenditures	395,453,905	66,143,254	119,931,733	29,176,954	610,705,846
Excess (Deficiency) of Revenues Over Expenditures	(39,668,190)	(55,330,161)	(6,790,841)	27,669,150	(74,120,042)
Other Financing Sources (Uses)					
Transfers in	-	18,127,069	-	-	18,127,069
Other sources	-	56,000,000	48,664,987	-	104,664,987
Transfers out	(725,000)	-	-	(18,127,069)	(18,852,069)
Other uses	-	-	(44,741,927)	-	(44,741,927)
Net Financing Sources (Uses)	(725,000)	74,127,069	3,923,060	(18,127,069)	59,198,060
NET CHANGE IN FUND BALANCE	(40,393,190)	18,796,908	(2,867,781)	9,542,081	(14,921,982)
Fund Balance - Beginning	118,965,824	209,327,028	92,434,982	27,396,504	448,124,338
Fund Balance - Ending	$ 78,572,634	$ 228,123,936	$ 89,567,201	$ 36,938,585	$ 433,202,356

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds		$	(14,921,982)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay:			
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay:	$ 59,114,157		
Depreciation expense:	(40,111,679)		19,002,478
Debt service:			
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			137,630,020
Debt proceeds:			
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:			(104,664,987)
Deferred amounts on refunding:			
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:			(3,806,756)
Gain or loss from the disposal of capital assets:			
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:			(141,202)
Unmatured interest on long-term debt:			
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			(2,250,682)

(continued on following page)

EAST SIDE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025

Accreted interest on long-term debt:		
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		(1,444,226)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		332,672
Other expenditures relating to prior periods:		
Certain expenditures recognized in governmental funds relate to prior periods. Typical examples are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations were first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods for the early retirement plan were:		1,530,863
Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(3,557,598)
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		9,930,239
Amortization of debt issuance premium or discount:		
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		11,511,452
Internal Service Funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		1,134,252
Change in Net Position of Governmental Activities	$	50,284,543

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	$ 9,313,947
Accounts receivable	70,645
Total current assets	9,384,592
Total Assets	9,384,592
LIABILITIES	
Current liabilities	
Accrued liabilities	1,455,970
Total current liabilities	1,455,970
Total Liabilities	1,455,970
NET POSITION	
Unrestricted	7,928,622
Total Net Position	$ 7,928,622

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
In-district contributions	$ 15,317,995
Other local revenues	65,437
Total operating revenues	15,383,432
OPERATING EXPENSES	
Salaries and benefits	6,628
Supplies and materials	5,686
Professional services	15,390,322
Total operating expenses	15,402,636
Operating income/(loss)	(19,204)
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	428,456
Transfers in	725,000
Total non-operating revenues/(expenses)	1,153,456
CHANGE IN NET POSITION	1,134,252
Net Position - Beginning	6,794,370
Net Position - Ending	$ 7,928,622

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities	
	Internal Service Fund	
Cash flows from operating activities		
Cash received from in-district contributions	$	15,312,787
Cash payments for payroll, insurance, and operating costs		(15,533,892)
Net cash provided by (used for) operating activities		(221,105)
Cash flows from non-capital financing activities		
Interfund transfers in (out)		725,000
Net cash provided by (used for) non-capital financing activities		725,000
Cash flows from investing activities		
Interest received		428,456
Net cash provided by (used for) investing activities		428,456
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		932,351
CASH AND CASH EQUIVALENTS		
Beginning of year		8,381,596
End of year	$	9,313,947
Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income/(loss)	$	(19,204)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(70,645)
Increase (decrease) in accrued liabilities		(131,256)
Net cash provided by (used for) operating activities	$	(221,105)

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Retiree Benefits Trust Fund	Private-Purpose Trust Fund
ASSETS		
Cash and investments	$ 13,097,304	$ 737,291
Accounts receivable	-	26
Total Assets	13,097,304	737,317
LIABILITIES		
Accrued liabilities	442,428	34,000
Total Liabilities	442,428	34,000
NET POSITION		
Restricted for OPEB	12,654,876	-
Restricted for scholarships	-	703,317
Total Net Position	$ 12,654,876	$ 703,317

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Retiree Benefits Trust Fund	Private-Purpose Trust Fund
ADDITIONS		
Investment earnings	$ 1,149,427	$ 66,802
Total Additions	1,149,427	66,802
DEDUCTIONS		
Benefits distributed	1,769,617	-
Scholarships awarded	-	41,008
Total Deductions	1,769,617	41,008
CHANGE IN NET POSITION	(620,190)	25,794
Net Position - Beginning	13,275,066	677,523
Net Position - Ending	$ 12,654,876	$ 703,317

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the District that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

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

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

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

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds: (continued)

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

County School Facilities Fund: This 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), or the 2004 State School Facilities Fund (Proposition 55) 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 et seq.).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section* 17566).

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

Retiree Benefits Trust Fund: This fund exists to account separately for amounts held in trust for future OPEB payments.

Foundation Private-Purpose Trust Fund: This fund is used to account separately for gifts or bequests per *Education Code Section* 41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements
The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue
Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

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

Leases Receivable
Leases receivable are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the leases receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	20 to 50 years
Furniture and Equipment	2 to 10 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the statement of net position.

Compensated Absences
In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid 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 recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations 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 obligations of the funds.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Postemployment Benefits Other Than Pensions (OPEB) (continued)
Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts
In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, leases receivable (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Funds
Investment in county treasury	$ 448,207,965	$ 8,912,163	$ 457,120,128	$ 2,907
Fair value adjustment	432,817	10,525	443,342	3
Cash on hand and in banks	3,045,394	-	3,045,394	-
Cash with fiscal agent	-	391,259	391,259	734,381
Cash in revolving fund	29,517	-	29,517	-
SISC OPEB Trust	-	-	-	13,097,304
Total	$ 451,715,693	$ 9,313,947	$ 461,029,640	$ 13,834,595

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Santa Clara County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

Cash with Fiscal Agent – The District has deposited amounts with other entities for scholarships and to pay insurance claims.

OPEB Trust – The District has established the SISC OPEB trust under IRS Section 115. The amounts deposited in the trust are irrevocable and designated for the purpose of investment and disbursement of payments related to obligations to eligible employees under the District's OPEB plan.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $457,566,380. The average weighted maturity for this pool is 415 days.

E. 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 in the County Treasury are not required to be rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, $2,819,723 of the District's bank balance was exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 reasonable 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.

Uncategorized - Investments in the Santa Clara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

	Uncategorized
Investment in county treasury	$ 457,566,380
Total	$ 457,566,380

NOTE 3 – RECEIVABLES

A. Accounts Receivable

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Funds
Federal Government							
Categorical aid	$ 5,835,579	$ -	$ -	$ 504,914	$ -	$ 6,340,493	$ -
State Government							
Apportionment	12,295,121	-	-	-	-	12,295,121	-
Categorical aid	1,870,752	-	-	258,372	-	2,129,124	-
Lottery	1,462,154	-	-	-	-	1,462,154	-
Local Government							
Other local sources	4,619,120	1,853,885	418,339	410,015	70,645	7,372,004	26
Total	$ 26,082,726	$ 1,853,885	$ 418,339	$ 1,173,301	$ 70,645	$ 29,598,896	$ 26

B. Leases Receivable

The District is leasing six facilities to third-parties under noncancellable lease agreements. The lease agreements expire through fiscal year 2028, and the District receives annual payments averaging $1.1 million over the lease terms. The District recognized $2.7 million in lease revenue and $20 thousand in interest revenue during the current fiscal year related to the leases. As of June 30, 2025, the District's receivable for lease payments was $1.8 million, calculated using a discount rate of 1.5%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was $1.8 million.

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	$ 25,442,454	$ -	$ -	$ 25,442,454
Construction in progress	69,489,598	48,345,828	39,083,701	78,751,725
Total capital assets not being depreciated	94,932,052	48,345,828	39,083,701	104,194,179
Capital assets being depreciated				
Land improvements	176,114,262	7,838,395	-	183,952,657
Buildings & improvements	989,166,122	40,143,033	2,893,916	1,026,415,239
Furniture & equipment	38,492,971	1,870,602	-	40,363,573
Total capital assets being depreciated	1,203,773,355	49,852,030	2,893,916	1,250,731,469
Less: Accumulated depreciation				
Land improvements	65,144,004	7,361,943	-	72,505,947
Buildings & improvements	371,222,969	29,693,523	2,752,714	398,163,778
Furniture & equipment	22,200,793	3,056,213	-	25,257,006
Total accumulated depreciation	458,567,766	40,111,679	2,752,714	495,926,731
Total capital assets being depreciated, net	745,205,589	9,740,351	141,202	754,804,738
Governmental Activities Capital Assets, net	$ 840,137,641	$ 58,086,179	$ 39,224,903	$ 858,998,917

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 24,493,011
Instructional supervision and administration	2,943,007
Instructional library, media, and technology	223,846
School site administration	2,510,859
Home-to-school transportation	1,104,580
All other pupil services	5,520,119
Centralized data processing	292,127
All other general administration	1,675,508
Ancillary services	950,574
Community services	398,048
Total	$ 40,111,679

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

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

	Interfund Transfers In		
Interfund Transfers Out	**Building Fund**	**Internal Service Fund**	**Total**
General Fund	$ -	$ 725,000	$ 725,000
Non-Major Governmental Funds	18,127,069	-	18,127,069
Total	$ 18,127,069	$ 725,000	$ 18,852,069

Transfer from the General Fund to the Internal Service Fund for contribution to the fund.	$ 725,000
Transfer from the County School Facilities Fund to the Building Fund for School Facilities Program project reimbursement.	18,127,069
Total	$ 18,852,069

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities	Fiduciary Funds
Payroll	$ 1,465,740	$ 15,070	$ -	$ 139,891	$ -	$ -	$ 1,620,701	$ -
Construction	-	13,074,124	-	-	-	-	13,074,124	-
Vendors payable	22,986,641	-	26,768	1,504,990	-	-	24,518,399	476,428
Unmatured interest	-	-	-	-	-	11,737,571	11,737,571	-
Claims liability	-	-	-	-	1,455,970	-	1,455,970	-
Due to grantor government	2,539,311	-	-	-	-	-	2,539,311	-
Total	$ 26,991,692	$ 13,089,194	$ 26,768	$ 1,644,881	$ 1,455,970	$ 11,737,571	$ 54,946,076	$ 476,428

NOTE 7 – UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	$ 697,189	$ -	$ 697,189
State categorical sources	1,001,238	884,117	1,885,355
Local sources	5,833,518	-	5,833,518
Total	$ 7,531,945	$ 884,117	$ 8,416,062

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 766,211,437	$ 97,965,000	$ 128,062,663	$ 736,113,774	$ 65,985,131
Unamortized premium	65,545,005	6,699,987	11,511,452	60,733,540	6,660,385
Accreted interest	16,620,199	1,444,226	1,337,357	16,727,068	1,500,590
Subtotal general obligation bonds	848,376,641	106,109,213	140,911,472	813,574,382	74,146,106
Direct placement general obligation bonds	11,510,000	-	7,025,000	4,485,000	4,485,000
Total general obligation bonds	859,886,641	106,109,213	147,936,472	818,059,382	78,631,106
OPEB bonds	23,670,000	-	1,205,000	22,465,000	1,315,000
Supplemental employee retirement plan	7,654,315	-	1,530,863	6,123,452	1,530,863
Compensated absences*	27,325,571	-	332,672	26,992,899	2,699,290
Net OPEB liability	47,892,507	9,793,245	-	57,685,752	-
Net pension liability	267,893,801	-	26,734,038	241,159,763	-
Total	$ 1,234,322,835	$ 115,902,458	$ 177,739,045	$ 1,172,486,248	$ 84,176,259

*The change in the compensated absences liability is presented as a net change.

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on OPEB bonds are made in the General Fund.
- Payments for supplemental employee retirement plan are made in the General Fund.

A. <u>Compensated Absences</u>

Restated beginning total unpaid employee compensated absences was $27,325,571 and decreased by a net amount of $332,672 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to $26,992,899. This amount is included as part of long-term liabilities in the government-wide financial statements.

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds

The District's outstanding bonds at June 30, 2025 are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
Refunding Bonds								
2003 Refunding	8/13/2003	8/1/2026	2.00% - 5.25%	$ 97,160,000	$ 21,725,000	$ -	$ 16,075,000	$ 5,650,000
2006 Refunding	7/13/2006	9/1/2024	4.00% - 5.25%	42,665,000	8,790,000	-	8,790,000	-
2013 Refunding	7/25/2013	8/1/2024	3.00% - 5.00%	88,145,000	6,565,000	-	6,565,000	-
2014 Refunding	6/19/2014	8/1/2024	2.00% - 5.00%	41,400,000	1,845,000	-	1,845,000	-
2015 Refunding	8/20/2015	8/1/2038	3.00% - 5.00%	41,420,000	24,750,000	-	8,340,000	16,410,000
2016A Refunding	6/18/2016	8/1/2033	2.00% - 5.00%	16,060,000	12,245,000	-	1,055,000	11,190,000
2016B Refunding	6/18/2016	8/1/2039	2.00% - 5.00%	83,665,000	65,090,000	-	3,310,000	61,780,000
2020A Refunding	5/6/2020	8/1/2027	5.00%	21,090,000	12,885,000	-	3,005,000	9,880,000
2020B Refunding	10/29/2020	8/1/2042	0.353% - 3.13%	97,585,000	53,130,000	-	3,425,000	49,705,000
2022 Refunding	7/21/2022	8/1/2028	5.00%	15,880,000	13,040,000	-	2,360,000	10,680,000
2024A Refunding	5/23/2024	8/1/2036	5.00%	88,230,000	88,230,000	-	1,260,000	86,970,000
2024B Refunding	5/23/2024	8/1/2037	3.00% - 5.00%	129,195,000	129,195,000	-	1,310,000	127,885,000
2025A Refunding	4/28/2025	8/1/2033	5.00%	6,420,000	-	6,420,000	-	6,420,000
2025B Refunding	4/28/2025	8/1/2035	5.00%	35,545,000	-	35,545,000	-	35,545,000
Sub-Total				804,460,000	437,490,000	41,965,000	57,340,000	422,115,000
Election of 2002 (Measure G)								
Series G	8/15/2007	8/1/2031	4.45% - 4.95%	19,997,739	13,585,696	-	1,072,643	12,513,053
Sub-Total				19,997,739	13,585,696	-	1,072,643	12,513,053
Election of 2008 (Measure E)								
Series C	7/14/2011	2/1/2026	4.00%	20,026,088	3,250,741	-	1,600,020	1,650,721
Series E	3/8/2017	8/1/2029	3.50% - 5.00%	78,970,000	41,550,000	-	3,900,000	37,650,000
Sub-Total				98,996,088	44,800,741	-	5,500,020	39,300,721
Election of 2012 (Measure I)								
Series A	11/27/2013	8/1/2024	2.00% - 5.25%	20,000,000	650,000	-	650,000	-
Series B	7/8/2015	8/1/2035	4.00% - 5.00%	100,000,000	45,450,000	-	41,200,000	4,250,000
Sub-Total				120,000,000	46,100,000	-	41,850,000	4,250,000
Election of 2014 (Measure I)								
Series D	5/18/2023	8/1/2030	5.00%	47,000,000	47,000,000	-	2,185,000	44,815,000
Sub-Total				47,000,000	47,000,000	-	2,185,000	44,815,000
Election of 2016 (Measure Z)								
Series B	4/25/2019	8/1/2036	3.00% - 5.00%	140,000,000	118,325,000	-	5,280,000	113,045,000
Series C	4/28/2021	8/1/2034	2.00% - 3.00%	127,320,000	58,910,000	-	14,835,000	44,075,000
Series D	4/28/2025	8/1/2033	5.00%	56,000,000	-	56,000,000	-	56,000,000
Sub-Total				323,320,000	177,235,000	56,000,000	20,115,000	213,120,000
Total				$ 1,413,773,827	$ 766,211,437	$ 97,965,000	$ 128,062,663	$ 736,113,774

During April 2025, the District issued $41,965,000 in general obligation bonds with an interest rate of 5.00 percent to advance refund $6,710,000 of 2015 Refunding bonds and $37,350,000 of Election of 2012, Series B bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the liability for the defeased bonds is not reported on the statement of net position.

The advance refunding decreases the total debt service payments, including principal and interest, over the next ten years by $3,665,007, resulting in an economic gain (difference between the present values of the old and new debt service payments) of $2,691,197.

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds (continued)

The general obligation bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 65,985,131	$ 29,507,528	$ 95,492,659
2027	74,389,385	28,114,033	102,503,418
2028	72,687,500	25,131,918	97,819,418
2029	77,098,162	21,854,446	98,952,608
2030	78,088,165	18,702,729	96,790,894
2031 - 2035	257,260,432	58,588,442	315,848,874
2036 - 2040	91,220,000	8,915,845	100,135,845
2041 - 2043	19,385,000	925,932	20,310,932
Total	$ 736,113,774	$ 191,740,873	$ 927,854,647

In fiscal year 2020, the District issued $30,000,000 in Election of 2014, Series C Direct Placement General Obligation Bonds. The bonds have an interest rate of 1.33% and a final maturity date of August 1, 2025. The bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 4,485,000	$ 4,971	$ 4,489,971
Total	$ 4,485,000	$ 4,971	$ 4,489,971

C. OPEB Bonds

The District issued the bonds to refinance the District's obligation to pay certain healthcare and retirement benefits for certain retired District employees and to pay the costs of issuance of the bonds. Principal and interest on the bonds is payable from any source of legally available funds of the District, including amounts on deposit in the general fund of the district. The bonds have interest ranges ranging from 5.18% to 5.32% with a final maturity date in fiscal year 2036.

The bonds mature through 2036 as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 1,315,000	$ 1,195,138	$ 2,510,138
2027	1,435,000	1,125,180	2,560,180
2028	1,565,000	1,048,838	2,613,838
2029	1,700,000	965,580	2,665,580
2030	1,845,000	875,140	2,720,140
2031 - 2035	11,700,000	2,734,214	14,434,214
2036	2,905,000	154,546	3,059,546
Total	$ 22,465,000	$ 8,098,636	$ 30,563,636

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Supplemental Employee Retirement Plan

The District established a Supplemental Employee Retirement Plan (SERP) for certain qualifying District employees who retired as of July 1, 2024. Under the terms of the SERP, the District will make annual contributions of $1,530,863 to the plan for the future benefits to be paid to qualifying employees. Future obligations at June 30, 2025 were as follows:

Year Ended June 30,	Payment
2026	$ 1,530,863
2027	1,530,863
2028	1,530,863
2029	1,530,863
Total	$ 6,123,452

E. Other Postemployment Benefits

The District's restated beginning net OPEB liability was $47,892,507 and increased by $9,793,245 during the year ended June 30, 2025. The ending net OPEB liability at June 30, 2025 was $57,685,752. See Note 10 for additional information regarding the net OPEB liability.

F. Net Pension Liability

The District's beginning net pension liability was $267,893,801 and decreased by $26,734,038 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was $241,159,763. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	$ 9,000	$ -	$ -	$ 20,517	$ 29,517
Stores inventory	353,013	-	-	300,848	653,861
Prepaid expenditures	354,449	1,106,087	-	-	1,460,536
Total non-spendable	716,462	1,106,087	-	321,365	2,143,914
Restricted					
Educational programs	28,757,256	-	-	2,768,917	31,526,173
Food service	-	-	-	7,529,523	7,529,523
Associated student body	-	-	-	3,002,773	3,002,773
Capital projects	-	227,017,849	-	22,785,227	249,803,076
Debt service	-	-	89,567,201	-	89,567,201
Total restricted	28,757,256	227,017,849	89,567,201	36,086,440	381,428,746
Assigned					
Adult education programs	-	-	-	530,780	530,780
Other assignments	37,213,550	-	-	-	37,213,550
Total assigned	37,213,550	-	-	530,780	37,744,330
Unassigned	11,885,366	-	-	-	11,885,366
Total	$ 78,572,634	$ 228,123,936	$ 89,567,201	$ 36,938,585	$ 433,202,356

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

Management of the Plan vests with District management. Management of the Trustee assets is vested with the Self-Insured Schools of California (SISC). SISC administers the East Side Union High School District's Post-Employment Benefits Plan (Plan) – an agent multiple-employer defined benefit plan that is used to provide other post-employment benefits (OPEB) other than pensions for all permanent full-time employees of the District. Financial information for SISC can be found on the SISC website at https://www.sisc.kern.org/.

B. Benefits Provided

The District contributes toward post-retirement benefits for employees who retire after age 55 with at least 20 years of service. Classified employees must also be hired prior to October 19, 1989.

Benefits are paid until the retired person attains age 65. Classified employees who retired before July 1, 1994, and all other employees who retired before September 1, 1994, receive benefits for life. Spouses are not covered, except for classified employees who retired before July 1, 1992, and other employees who retired before September 1, 1992.

The District pays up to the amount of the lowest-cost HMO. Retirees over age 65 who are entitled to lifetime benefits are capped at the sum of (1) Medicare supplement premiums, and (2) Medicare Part B premiums. There are no other benefits paid for dental, vision or any other post-retirement benefits.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

The contribution requirements of plan members and the District are established and may be amended by the District and the East Side Teacher Association (ESTA) and the local California Service Employees Association (CSEA). The required contribution is based on projected pay-as-you-go financing requirements. For the current fiscal year, the District contributed $662,221 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	173
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,296
Total number of participants**	1,469

*Information not provided
**As of the June 30, 2024 valuation date

E. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2025, were as follows:

Total OPEB liability	$	71,301,827
Plan fiduciary net position		(13,616,075)
District's net OPEB liability	$	57,685,752
Plan fiduciary net position as a percentage of total OPEB liability		19.10%

F. Investments

Investment Policy
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; collateralized mortgage obligations; and the County Investment Pool.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Actuarial Assumptions and Other Inputs

The net OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.75%
Salary increases	3.00%
Discount rate	3.99%
Healthcare cost trend rate	5.50%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality Table
Classified	2021 CalPERS Active Mortality for Miscellaneous Employees Table

Retirement rates:

Certificated	2020 CalSTRS Retirement Rates Table
Classified	2021 CalPERS Retirement Rates for School Employees Table

The discount rate was based on the Fidelity General Obligation AA Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	40%	7.545%
US Small Cap	20%	7.545%
Long-Term Corporate Bonds	25%	5.045%
Long-Term Government Bonds	10%	4.250%
Short-Term Government Fixed	5%	3.000%

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Changes in Net OPEB Liability

	June 30, 2025
Total OPEB Liability	
Service cost	$ 3,476,972
Interest on total OPEB liability	2,357,364
Difference between expected and actual experience	7,747,515
Changes of assumptions	(1,768,010)
Benefits payments	(2,225,244)
Net change in total OPEB liability	9,588,597
Total OPEB liability - beginning	61,713,230
Total OPEB liability - ending (a)	$ 71,301,827
Plan fiduciary net position	
Contributions - employer	$ 662,221
Net investment income	1,372,039
Benefit payments	(2,225,244)
Administrative expenses	(13,664)
Net change in plan fiduciary net position	(204,648)
Plan fiduciary net position - beginning	13,820,723
Plan fiduciary net position - ending (b)	$ 13,616,075
District's net OPEB liability - ending (a) - (b)	$ 57,685,752
Plan fiduciary net position as a percentage of the total OPEB liability	19.10%
Covered-employee payroll	$ 163,689,445
District's net OPEB liability as a percentage of covered-employee payroll	35.24%

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

The following presents the net OPEB liability of the East Side Union High School District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.99%)	Valuation Discount Rate (3.99%)	1% Increase (4.99%)
Net OPEB liability	$ 64,499,721	$ 57,685,752	$ 51,568,398

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

	1% Decrease (4.50%)	Healthcare Cost Trend Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability	$ 50,304,208	$ 57,685,752	$ 66,346,525

K. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the East Side Union High School District recognized OPEB expense of $4,101,381. At June 30, 2025, the East Side Union High School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 724,108	$ 1,988,528
Differences between expected and actual experience	8,372,263	9,430,781
Changes in assumptions	8,605,616	10,108,200
District contributions subsequent to the measurement date	930,845	-
Total	$ 18,632,832	$ 21,527,509

The $930,845 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 2,219,832	$ 3,562,352
2027	2,219,830	2,778,748
2028	1,857,777	2,778,746
2029	1,857,777	2,599,686
2030	1,857,777	2,432,751
Thereafter	7,688,994	7,375,226
Total	$ 17,701,987	$ 21,527,509

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	$ 154,426,506	$ 55,809,834	$ 27,916,780	$ 20,901,194
CalPERS Pension	86,733,257	26,091,788	2,692,101	12,119,948
Total	$ 241,159,763	$ 81,901,622	$ 30,608,881	$ 33,021,142

A. California State Teachers' Retirement System (CalSTRS)

Plan Description
The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided
The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $29,704,512 for the year ended June 30, 2025.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $14,306,406 to CalSTRS.

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

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

District's proportionate share of the net pension liability	$ 154,426,506
State's proportionate share of the net pension liability associated with the District	70,852,500
Total	$ 225,279,006

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to 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. At June 30, 2024, the District's proportion was 0.230 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2023.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2025, the District recognized pension expense of $20,901,194. In addition, the District recognized pension expense and revenue of $(6,769,508) 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
Differences between projected and actual earnings on plan investments	$ -	$ 623,105
Differences between expected and actual experience	17,467,626	6,752,984
Changes in assumptions	675,988	10,546,795
Changes in proportion and differences between District contributions and proportionate share of contributions	7,961,708	9,993,896
District contributions subsequent to the measurement date	29,704,512	-
Total	$ 55,809,834	$ 27,916,780

The $29,704,512 reported as 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 year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 7,593,228	$ 16,272,736
2027	7,287,361	(7,068,034)
2028	3,635,740	6,223,185
2029	3,300,835	5,946,579
2030	3,287,970	4,778,769
2031	1,000,188	1,763,545
Total	$ 26,105,322	$ 27,916,780

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Growth	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

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 current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	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%
	100%	

*Real return is net of assumed 2.75% inflation.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 274,674,223	$ 154,426,506	$ 54,014,673

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS)

Plan Description
The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided
The benefits for the defined benefit plan are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions
Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were $13,246,869 for the year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2025, the District reported a liability of $86,733,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to 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. At June 30, 2024, the District’s proportion was 0.243 percent, which was a decrease of 0.012 percent from its proportion measured as of June 30, 2023.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2025, the District recognized pension expense of $12,119,948. 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
Differences between projected and actual earnings on plan investments	$ 3,369,086	$ -
Differences between expected and actual experience	7,271,316	620,747
Changes in assumptions	1,917,098	-
Changes in proportion and differences between District contributions and proportionate share of contributions	287,419	2,071,354
District contributions subsequent to the measurement date	13,246,869	-
Total	$ 26,091,788	$ 2,692,101

The $13,246,869 reported as 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 year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 5,113,491	$ 2,030,064
2027	7,949,101	662,037
2028	848,358	-
2029	(1,066,031)	-
Total	$ 12,844,919	$ 2,692,101

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 128,842,978	$ 86,733,257	$ 51,947,277

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. Litigation

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

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of $20,978,111.

NOTE 13 – UNPAID CLIAMS LIABILITIES

The District records an estimated liability for its self-insured health benefit programs. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. The Internal Service Fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District's self-insured dental and vision insurance program from July 1, 2023 to June 30, 2025:

	Health Benefits
Liability Balance, July 01, 2023	$ 1,198,000
Claims & changes in estimates	13,955,706
Claims payments	(13,911,706)
Liability Balance, July 01, 2024	1,242,000
Claims & changes in estimates	15,276,176
Claims payments	(15,062,206)
Liability Balance, June 30, 2025	$ 1,455,970
Assets available to pay claims at June 30, 2025	$ 9,384,592

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Northern California Regional Liability Excess Fund and the Santa Clara County Schools Insurance Group. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources and deferred inflows of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources and deferred inflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2025, the deferred outflow of resources was $4,223,714 and the deferred inflow of resources was $7,110,397.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was $81,901,622 and total deferred inflows related to pensions was $30,608,881.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was $18,632,832 and total deferred inflows related to other postemployment benefits was $21,527,509.

D. Leases

Pursuant to GASB Statement No. 87, *Leases,* the District recognized deferred inflows of resources related to leases in the District-wide financial statements. Further information regarding the deferred inflows of resources can be found at Note 3. At June 30, 2025, total deferred inflows related to leases was $1,840,814.

NOTE 16 – RESTATEMENT OF NET POSITION

The beginning net position has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16. The beginning net position was also restated to remove the District's proportionate share of the Net OPEB Liability for the MPP Program due to materiality considerations.

The cumulative effect of these restatements on the beginning net position are as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 132,000,713
Restatement	(20,867,799)
Net Position - Beginning, as Restated	$ 111,132,914

REQUIRED SUPPLEMENTARY INFORMATION

EAST SIDE UNION HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 281,949,888	$ 283,230,907	$ 283,292,275	$ 61,368
Federal sources	14,149,151	13,206,119	13,147,057	(59,062)
Other state sources	36,559,787	35,183,533	35,241,621	58,088
Other local sources	20,533,567	21,333,819	24,488,761	3,154,942
Total Revenues	353,192,393	352,954,378	356,169,714	3,215,336
EXPENDITURES				
Certificated salaries	165,602,963	161,047,633	160,444,199	603,434
Classified salaries	42,380,546	41,358,124	40,752,560	605,564
Employee benefits	118,865,422	114,676,465	113,982,922	693,543
Books and supplies	11,064,636	11,868,755	10,441,670	1,427,085
Services and other operating expenditures	53,976,770	53,111,091	56,120,199	(3,009,108)
Capital outlay	252,626	582,522	749,776	(167,254)
Other outgo				
Excluding transfers of indirect costs	15,180,910	14,575,047	13,868,758	706,289
Transfers of indirect costs	(921,561)	(927,153)	(906,179)	(20,974)
Total Expenditures	406,402,312	396,292,484	395,453,905	838,579
Excess (Deficiency) of Revenues Over Expenditures	(53,209,919)	(43,338,106)	(39,284,191)	4,053,915
Other Financing Sources (Uses)				
Transfers out	(100,000)	(100,000)	(725,000)	(625,000)
Net Financing Sources (Uses)	(100,000)	(100,000)	(725,000)	(625,000)
NET CHANGE IN FUND BALANCE	(53,309,919)	(43,438,106)	(40,009,191)	3,428,915
Fund Balance - Beginning	118,581,825	118,581,825	118,581,825	-
Fund Balance - Ending	$ 65,271,906	$ 75,143,719	$ 78,572,634	$ 3,428,915

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because an immaterial restatement was run through current year activity on that schedule.

See accompanying notes to required supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	$ 3,476,972	$ 3,489,475	$ 3,854,149	$ 3,854,149	$ 2,588,263	$ 2,248,906	$ 2,197,246	$ 2,377,401
Interest on total OPEB liability	2,357,364	2,165,044	1,312,040	1,485,049	1,646,121	1,788,510	2,259,566	2,065,888
Difference between expected and actual experience	7,747,515	-	(2,686,469)	-	2,073,175	-	(14,038,060)	-
Changes of assumptions	(1,768,010)	(998,151)	(7,288,588)	2,959,136	8,275,864	2,562,259	(677,554)	(4,253,271)
Benefits payments	(2,225,244)	(2,286,474)	(2,246,871)	(3,079,592)	(3,070,573)	(3,513,998)	(4,311,762)	(4,429,331)
Net change in total OPEB liability	9,588,597	2,369,894	(7,055,739)	5,218,742	11,512,850	3,085,677	(14,570,564)	(4,239,313)
Total OPEB liability - beginning	61,713,230	59,343,336	66,399,075	61,180,333	49,667,483	46,581,806	61,152,370	65,391,683
Total OPEB liability - ending (a)	$ 71,301,827	$ 61,713,230	$ 59,343,336	$ 66,399,075	$ 61,180,333	$ 49,667,483	$ 46,581,806	$ 61,152,370
Plan fiduciary net position								
Contributions - employer	$ 662,221	$ 892,916	$ (958,425)	$ 2,249,151	$ (745,635)	$ (1,842,310)	$ 2,649,475	$ 690,995
Net investment income	1,372,039	1,409,112	(1,438,988)	4,292,200	(83,699)	1,273,435	1,829,471	2,580,729
Benefit payments	(2,225,244)	(2,286,474)	(2,246,871)	(3,079,592)	(3,070,573)	(3,513,998)	(4,311,762)	(4,429,331)
Administrative expenses	(13,664)	(13,827)	(17,244)	(16,464)	(17,295)	(21,481)	(23,095)	-
Net change in plan fiduciary net position	(204,648)	1,727	(4,661,528)	3,445,295	(3,917,202)	(4,104,354)	144,089	(1,157,607)
Plan fiduciary net position - beginning	13,820,723	13,818,996	18,480,524	15,035,229	18,952,431	23,056,785	22,912,696	24,070,303
Plan fiduciary net position - ending (b)	$ 13,616,075	$ 13,820,723	$ 13,818,996	$ 18,480,524	$ 15,035,229	$ 18,952,431	$ 23,056,785	$ 22,912,696
District's net OPEB liability - ending (a) - (b)	$ 57,685,752	$ 47,892,507	$ 45,524,340	$ 47,918,551	$ 46,145,104	$ 30,715,052	$ 23,525,021	$ 38,239,674
Plan fiduciary net position as a percentage of the total OPEB liability	19.10%	22.40%	23.29%	27.83%	24.58%	38.16%	49.50%	37.47%
Covered-employee payroll	$ 163,689,445	$ 153,995,404	$ 132,184,496	$ 134,829,817	$ 173,491,372	$ 170,544,906	$ 164,715,470	$ 164,083,302
District's net OPEB liability as a percentage of covered-employee payroll	35.24%	31.10%	34.44%	35.54%	26.60%	18.01%	14.28%	23.31%

See accompanying notes to required supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contributions	$ 930,845	$ 1,049,283	$ 891,266	$ 2,820,855	$ (958,425)	$ 2,424,430	$ 3,099,923	$ 2,649,475
Actual contributions made	(930,845)	(1,049,283)	(891,266)	(2,820,855)	958,425	(2,424,430)	(3,099,923)	(2,649,475)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 163,689,445	$ 153,995,404	$ 132,184,496	$ 134,829,817	$ 173,491,372	$ 170,544,906	$ 164,715,470	$ 164,083,302
Contributions as a percentage of covered-employee payroll	0.57%	0.68%	0.67%	2.09%	-0.55%	1.42%	1.88%	1.61%

See accompanying notes to required supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.230%	0.231%	0.242%	0.243%	0.236%	0.225%	0.224%	0.228%	0.221%	0.260%
District's proportionate share of the net pension liability	$ 154,426,506	$ 175,768,725	$ 168,082,631	$ 110,600,452	$ 228,636,812	$ 202,915,416	$ 205,593,282	$ 210,892,070	$ 178,546,485	$ 174,993,327
State's proportionate share of the net pension liability associated with the District	70,852,500	84,215,739	84,175,124	55,649,858	117,862,304	110,703,906	117,711,769	124,761,967	101,643,329	92,552,179
Total	$ 225,279,006	$ 259,984,464	$ 252,257,755	$ 166,250,310	$ 346,499,116	$ 313,619,322	$ 323,305,051	$ 335,654,037	$ 280,189,814	$ 267,545,506
District's covered payroll	$ 155,203,687	$ 147,684,455	$ 144,700,018	$ 136,790,013	$ 126,412,485	$ 123,407,896	$ 121,736,601	$ 122,579,597	$ 119,337,685	$ 111,165,728
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.50%	119.02%	116.16%	80.85%	180.87%	164.43%	168.88%	172.05%	149.61%	157.42%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

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

See accompanying notes to required supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.243%	0.255%	0.251%	0.261%	0.266%	0.264%	0.268%	0.284%	0.290%	0.286%
District's proportionate share of the net pension liability	$ 86,733,257	$ 92,125,076	$ 86,451,999	$ 53,097,321	$ 81,579,588	$ 76,863,806	$ 71,477,427	$ 67,760,813	$ 57,240,552	$ 42,175,303
District's covered payroll	$ 47,391,342	$ 43,630,784	$ 41,500,816	$ 37,301,235	$ 38,137,539	$ 36,626,980	$ 35,436,556	$ 34,903,036	$ 33,120,771	$ 29,702,119
District's proportionate share of the net pension liability as a percentage of its covered payroll	183.01%	211.15%	208.31%	142.35%	213.91%	209.86%	201.71%	194.14%	172.82%	141.99%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

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

See accompanying notes to required supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 29,704,512	$ 29,643,904	$ 28,207,731	$ 23,774,213	$ 21,393,958	$ 21,616,535	$ 20,097,021	$ 17,926,108	$ 15,418,734	$ 12,804,206
Contributions in relation to the contractually required contribution*	(29,704,512)	(29,643,904)	(28,207,731)	(23,774,213)	(21,393,958)	(21,616,535)	(20,097,021)	(17,926,108)	(15,418,734)	(12,804,206)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 157,628,565	$ 155,203,687	$ 147,684,455	$ 144,700,018	$ 136,790,013	$ 126,412,485	$ 123,407,896	$ 121,736,601	$ 122,579,597	$ 119,337,685
Contributions as a percentage of covered payroll	18.84%	19.10%	19.10%	16.43%	15.64%	17.10%	16.29%	14.73%	12.58%	10.73%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 13,246,869	$ 12,644,010	$ 11,069,130	$ 9,354,284	$ 7,702,705	$ 7,521,104	$ 6,788,525	$ 5,120,582	$ 5,177,134	$ 3,814,940
Contributions in relation to the contractually required contribution*	(13,246,869)	(12,644,010)	(11,069,130)	(9,354,284)	(7,702,705)	(7,521,104)	(6,788,525)	(5,120,582)	(5,177,134)	(3,814,940)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 49,342,280	$ 47,391,342	$ 43,630,784	$ 41,500,816	$ 37,301,235	$ 38,137,539	$ 36,626,980	$ 35,436,556	$ 34,903,036	$ 33,120,771
Contributions as a percentage of covered payroll	26.85%	26.68%	25.37%	22.54%	20.65%	19.72%	18.53%	14.45%	14.83%	11.52%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous measurement.

Changes in Assumptions

The discount rate has been changed from 3.89% to 3.99% since the previous measurement.

Schedule of OPEB Contributions

This 10-year schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS or CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS or CalPERS.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	**Actual**	**Excess**
General Fund			
Services and other operating expenditures	$ 53,111,091	$ 56,120,199	$ 3,009,108
Capital outlay	$ 582,522	$ 749,776	$ 167,254

SUPPLEMENTARY INFORMATION

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,708,820
Comprehensive Support and Improvement for LEAs	84.010	15438	451,952
Subtotal Title I, Part A			4,160,772
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	815,964
Adult Education: Adult Secondary Education	84.002	13978	188,297
Subtotal Adult Education			1,004,261
Title I, Migrant Education	84.011	14326	160,149
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	595,869
Title III			
Title III, English Learner Student Program	84.365	14346	213,946
Title III, Immigrant Education Program	84.365	15146	31,324
Subtotal Title III			245,270
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	293,300
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	1,368,678
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	548,847
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,754,797
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	7,215
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	244,120
Subtotal Special Education Cluster			5,006,132
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	329,022
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	105,207
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	15,064
21st Century Community Learning Centers (CCLC) Rate Increase: ESSER III State Reserve	84.425	15651	234,376
Subtotal Education Stabilization Fund Discretionary Grants			354,647
Total U. S. Department of Education			14,066,947
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	245,356
School Breakfast Program - Needy	10.553	13526	1,206,918
National School Lunch Program	10.555	13391	3,479,554
USDA Commodities	10.555	*	531,442
Meal Supplements	10.555	*	9,577
Local Food for Schools	10.555	15708	48,053
Subtotal Child Nutrition Cluster			5,520,900
Passed through California Department of Social Services:			
CACFP Claims - Centers and Family Day Care	10.558	13393	255,950
Total U. S. Department of Agriculture			5,776,850
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Education:			
Child Care and Development Block Grant			
Early Education: Federal Child Care, Center-based	93.596	13609	607,729
Child Development: Quality Improvement Activities	93.575	14130	1,574
Child Care and Development Program Administered by CDSS	93.575	10163	48,873
Subtotal Child Care and Development Block Grant			658,176
Total U. S. Department of Health & Human Services			658,176
U. S. DEPARTMENT OF DEFENSE:			
Passed through California Department of Education:			
ROTC Language and Culture Training Grants	12.357	*	84,371
Total U. S. Department of Defense			84,371
Total Federal Expenditures			$ 20,586,344

***** - Pass-Through Entity Identifying Number not available or not applicable

See accompanying notes to supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Second Period Report	Annual Report
SCHOOL DISTRICT		
Ninth through Twelfth		
Regular ADA	18,335.54	18,197.45
Extended Year Special Education	24.78	24.78
Special Education - Nonpublic Schools	54.67	58.30
Extended Year Special Education - Nonpublic Schools	4.79	4.79
Total Ninth through Twelfth	18,419.78	18,285.32
TOTAL SCHOOL DISTRICT	18,419.78	18,285.32

See accompanying notes to supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Grade Level	Minutes Requirement	Actual Instructional Minutes	Number of Days	Status
Grade 9	64,800	65,000	180	Complied
Grade 10	64,800	65,000	180	Complied
Grade 11	64,800	65,000	180	Complied
Grade 12	64,800	65,000	180	Complied

See accompanying notes to supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 358,510,770	$ 356,169,714	$ 382,151,115	$ 392,002,515
Expenditures And Other Financing Uses	401,603,881	396,178,905	372,274,541	346,466,062
Net change in Fund Balance	$ (43,093,111)	$ (40,009,191)	$ 9,876,574	$ 45,536,453
Ending Fund Balance	$ 35,479,523	$ 78,572,634	$ 118,965,824	$ 109,089,250
Available Reserves*	$ 12,048,116	$ 11,885,366	$ 11,168,236	$ 64,657,023
Available Reserves As A Percentage Of Outgo	3.00%	3.00%	3.00%	18.66%
Long-term Liabilities	$ 1,088,309,989	$ 1,172,486,248	$ 1,213,455,036	$ 1,279,946,725
Average Daily Attendance At P-2	18,291	18,420	18,899	19,307

The General Fund ending fund balance has decreased by $30,516,616 over the past two years. The fiscal year 2025-26 budget projects a further decrease of $43,093,111. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have decreased by $107,460,477 over the past two years.

Average daily attendance has decreased by 887 ADA over the past two years. A further decrease of 129 ADA is anticipated during the 2025-26 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include restatements.

See accompanying notes to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

There were no adjustments between the annual financial and budget report and the audited financial statements.

See accompanying notes to supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025

Charter #	Charter School	Status	Included in Audit Report
1387	ACE Charter High School	Active	Not included
1737	Alpha Cindy Avitia High School	Active	Not included
1675	B. Roberto Cruz Leadership Academy	Active	Not included
0502	Escuela Popular Accelerated Family Learning Center	Active	Not included
0646	Escuela Popular Center for Training and Careers	Active	Not included
0976	KIPP San Jose Collegiate	Active	Not included
0414	Latino College Preparatory Academy	Active	Not included
1681	Luis Valdez Leadership Academy	Active	Not included
0425	San Jose Conservation Corps Charter School	Active	Not included

See accompanying notes to supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS							
Cash and investments	$ 3,005,023	$ 3,190,075	$ 1,915,569	$ 7,381,577	$ 16,908,041	$ 5,576,411	$ 37,976,696
Accounts receivable	-	477,095	104,658	290,773	146,469	154,306	1,173,301
Stores inventory	4,910	-	-	295,938	-	-	300,848
Other current assets	16,738	-	-	-	-	-	16,738
Total Assets	$ 3,026,671	$ 3,667,170	$ 2,020,227	$ 7,968,288	$ 17,054,510	$ 5,730,717	$ 39,467,583
LIABILITIES							
Accrued liabilities	$ -	$ 386,072	$ 1,117,511	$ 141,298	$ -	$ -	$ 1,644,881
Unearned revenue	-	-	884,117	-	-	-	884,117
Total Liabilities	-	386,072	2,001,628	141,298	-	-	2,528,998
FUND BALANCES							
Non-spendable	23,898	-	-	297,467	-	-	321,365
Restricted	3,002,773	2,750,318	18,599	7,529,523	17,054,510	5,730,717	36,086,440
Assigned	-	530,780	-	-	-	-	530,780
Total Fund Balances	3,026,671	3,281,098	18,599	7,826,990	17,054,510	5,730,717	36,938,585
Total Liabilities and Fund Balances	$ 3,026,671	$ 3,667,170	$ 2,020,227	$ 7,968,288	$ 17,054,510	$ 5,730,717	$ 39,467,583

See accompanying notes to supplementary information.

EAST SIDE UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES							
Federal sources	$ -	$ 1,004,261	$ 658,176	$ 5,776,850	$ -	$ -	$ 7,439,287
Other state sources	-	9,258,518	3,848,124	5,680,628	-	23,572,212	42,359,482
Other local sources	4,192,266	196,619	93,344	296,153	2,001,753	267,200	7,047,335
Total Revenues	4,192,266	10,459,398	4,599,644	11,753,631	2,001,753	23,839,412	56,846,104
EXPENDITURES							
Current							
Instruction	-	4,370,577	-	-	-	-	4,370,577
Instruction-related services							
Instructional supervision and administration	-	651,635	-	-	-	-	651,635
Instructional library, media, and technology	-	86,714	-	-	-	-	86,714
School site administration	-	3,585,850	75,859	-	-	-	3,661,709
Pupil services							
Food services	-	-	-	9,674,062	-	-	9,674,062
All other pupil services	-	172,953	-	-	-	-	172,953
General administration							
All other general administration	-	386,422	196,719	323,038	-	-	906,179
Plant services	-	1,071,508	40,449	-	55,825	-	1,167,782
Facilities acquisition and construction	-	-	-	-	36,000	-	36,000
Ancillary services	4,162,725	-	-	-	-	-	4,162,725
Community services	-	-	4,286,618	-	-	-	4,286,618
Total Expenditures	4,162,725	10,325,659	4,599,645	9,997,100	91,825	-	29,176,954
Excess (Deficiency) of Revenues Over Expenditures	29,541	133,739	(1)	1,756,531	1,909,928	23,839,412	27,669,150
Other Financing Sources (Uses)							
Transfers out	-	-	-	-	-	(18,127,069)	(18,127,069)
Net Financing Sources (Uses)	-	-	-	-	-	(18,127,069)	(18,127,069)
NET CHANGE IN FUND BALANCE	29,541	133,739	(1)	1,756,531	1,909,928	5,712,343	9,542,081
Fund Balance - Beginning	2,997,130	3,147,359	18,600	6,070,459	15,144,582	18,374	27,396,504
Fund Balance - Ending	$ 3,026,671	$ 3,281,098	$ 18,599	$ 7,826,990	$ 17,054,510	$ 5,730,717	$ 36,938,585

See accompanying notes to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the de minimis indirect cost rate of up to 15 percent.

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

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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.

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

These statements provide information on the District’s non-major funds.

OTHER INFORMATION

The East Side Union High School District was established in 1949 and is located in Santa Clara County. There were no changes in the boundaries of the District during the current year. The District operates 11 high schools, 3 adult education sites, 1 independent study program, 4 continuation schools and 1 alternative school. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Bryan Do	President	December, 2028
Van T. Le	Vice-President	December, 2026
Lorena Chavez	Clerk	December, 2026
Pattie Cortese	Trustee	December, 2028
J. Manuel Herrera	Trustee	December, 2026

DISTRICT ADMINISTRATORS

Glenn Vander Zee,
Superintendent

Teresa Marquez,
Associate Superintendent of Educational Services

Ginny Davis,
Associate Superintendent of Human Resources

Tom Huynh,
Associate Superintendent of Business Services

OTHER INDEPENDENT AUDITORS' REPORTS

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*

Independent Auditors' Report

Governing Board
East Side Union High School District
San Jose, California

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

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 East Side Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 19, 2025

CHRISTY WHITE
Certified Public Accountants serving K-12 School Districts and Charter Schools throughout California

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
East Side Union High School District
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Side Union High School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of East Side Union High School District's major federal programs for the year ended June 30, 2025. East Side Union High School 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, East Side Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* 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 East Side Union High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of East Side Union High School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to East Side Union High School District's federal programs.

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Auditor's Responsibilities for the Audit for 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 East Side Union High School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about East Side Union High School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 East Side Union High School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of East Side Union High School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of East Side Union High School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Report on Internal Control Over Compliance (continued)

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.

Christy White, Inc.

San Diego, California
December 19, 2025

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

Governing Board
East Side Union High School District
San Jose, California

Report on State Compliance

Opinion on State Compliance

We have audited East Side Union High School District's 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 East Side Union High School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, East Side Union High School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

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

We are required to be independent of East Side Union High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of East Side Union High School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to East Side Union High School District's state programs.

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on East Side Union High School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide 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 East Side Union High School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, we:

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
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	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Not Applicable
Transitional Kindergarten	Not Applicable
Kindergarten Continuance	Not Applicable
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2025-001. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on East Side Union High School District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. East Side Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 19, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EAST SIDE UNION HIGH SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A
84.027, 84.027A	Special Education Cluster
84.002, 84.002A	Adult Education
84.287	Title IV, Part B

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No
STATE AWARDS	
Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2024-25 Guide for Annual Audits of California K-12 Local Education Agencies* ?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

EAST SIDE UNION HIGH SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2025.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING 2025-001: INSTRUCTIONAL MATERIALS (70000)

Criteria: Per Education Code Section 60119, the public hearing for instructional materials must occur on or before the end of the eighth week from the first day pupils attended school for that year.

Condition: The District's public hearing for instructional materials occurred on October 17, 2024, which is after the eighth week from the first day of school year.

Cause: District staff at the time were not aware of the statutory timeline.

Effect: The District is not in compliance with California Education Code Section 60119.

Questioned Costs: Funding for this program has ended, thus there are no questioned costs related to instructional materials.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District comply with Education Code Section 60119 in the future and ensure that the public hearing for instructional materials occurs on or before the end of the eighth week from the first day pupils attended school for that year.

Corrective Action Plan: Staff have been informed and trained on the requirements and have resolved this issue. In school year 2025-26, the District met the timeline requirement.

FINDING 2024-001: TIME AND EFFORT REQUIREMENTS (50000)

Repeat Finding? No

Assistance Listing No. 84.010 - Title I, Part A
Assistance Listing No. 84.425 - Education Stabilization Funds (ESSER)
U.S. Department of Education
Passed through California Department of Education

Criteria: To support salaries and wages for employees that work on federal programs, local educational agencies (LEAs) are required to maintain time and effort records that accurately reflect the work performed. These time and effort records must: (1) be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (2) be incorporated into the official records of the LEA; (3) reasonably reflect the total activity for which the employee is compensated by the LEA, not exceeding 100% of compensated activities; (4) encompass both federally assisted and all other activities compensated by the LEA on an integrated basis, but may include the use of subsidiary records as defined in the LEA's written policy; (5) comply with the established accounting policies and practices of the LEA; and (6) support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. Budget estimates or percentages determined before the services are performed alone do not qualify as support for charges to Federal awards.

Condition: Time accounting documentation could not be located for certain employees whose salaries were charged to federal programs. Four other employees' time accounting documentation was not signed until the date of the audit, well after the close of the fiscal year in which they were accounted for.

Cause: The District did not have adequate oversight to ensure that sufficient time and effort procedures were supported by documentation.

Effect: The District could be required to reclassify expenditures from Title I funds and ESSER III funds to an unrestricted funding source.

Questioned Costs: The District did not provide documentation for $354,548.97 charged to Title I and ESSER programs.

Context: We sampled 3 out of a total of 28 employees charged to Title I funds. Two of those 3 who were sampled were missing time accounting documentation, and their total salaries were $167,858.84. We sampled 11 out of a total of 101 employees charged to ESSER III funds. Three of those 11 who were sampled were missing time accounting documentation, and their total salaries were $186,690.13.

Recommendation: The District must update its time and effort records and policies and procedures to ensure that all salaries and wages charged to federal programs are properly supported by a system on internal controls. Specifically, the time and effort records must accurately reflect the work performed and encompass all activities of the employee, both federal and non-federal, and be signed in a timely manner.

FINDING 2024-001: TIME AND EFFORT REQUIREMENTS (50000) (continued)

Views of Responsible Officials: Managers of each employee group have been notified of the importance of completing the time and effort requirements. Managers with the support of the admin/department secretaries are now tasked with monitoring, reconciling and ensuring that these documents are completed and submitted on a monthly basis.

Current Status: Implemented.

FINDING 2024-002: INSTRUCTIONAL MATERIALS (70000)

Repeat Finding? No

Criteria: California Education Code Section 60119 requires that school districts conduct a public hearing regarding the sufficiency of textbooks and instructional materials. Furthermore, the District must provide 10-day notice of the public hearing. The notice must include the time, place, and purpose of the hearing and must be posted at a minimum of three public locations within the District. Condition: The notice posted by the District went out 7 days before the public hearing date instead of 10 days.

Cause: The District was unaware of the requirements for the public notice.

Effect: There is no financial penalty associated with noncompliance.

Context: Not applicable

Recommendation: We recommend that the District ensure that the notice which is posted during the 2024-25 school year adhere to the requirements for the posting of the public notice at least 10 days prior to the public hearing.

Views of Responsible Officials: The district was made aware of the 10 day requirement for posting public hearings. Previously we were operating under the assumption of a 7 day timeline. As soon as we were aware of being out of compliance we have made procedural changes in our organization and have already taken corrective action to ensure that notices of public hearings are issued 10 days in advance of the meeting.

Current Status: Implemented.