

**BONITA UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2025**

NIGRO & NIGRO^{PC}

BONITA UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2025
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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Bonita Unified School District
San Dimas, 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 Bonita Unified School District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Changes in Accounting Principle

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard. Our opinion is not modified with respect to this matter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, 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 LEA 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 the 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 November 26, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Viger & Viger, PC". The signature is fluid and cursive, with "Viger & Viger" on the first line and "PC" on the second line to the right.

Murrieta, California
November 26, 2025

BONITA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

This discussion and analysis of Bonita Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

DISTRICT OVERVIEW

The Bonita Unified School District is a suburban school district offering instruction to students from transitional kindergarten through twelfth grade, including programs for preschool and special education. During the 2024-25 school year, the District operated eight elementary schools, two middle schools, two comprehensive high schools, and one continuation high school, on the traditional August through May schedule, for the instruction of approximately 10,000 students.

MISSION STATEMENT

For the students in our care, and in partnership with the community, we will create a safe, challenging and comprehensive learning environment that will shape character, nurture intellect and build skills for success in an ever-changing world.

OUR PURPOSE

Our purpose is to prepare every student to live their purpose. We do this through our core values of equity, mastery, and a focus on results.

OUR CORE VALUES

Equity is ensured through individualized support.

Mastery is evident through sustained application of skills.

Focus on Results is achieved through an intentional process driven by successful outcomes.

OUR VISION

To lead all comprehensive school districts in the region in academics, activities, athletics, and the arts.

BONITA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL HIGHLIGHTS

District-Wide Financial Statements

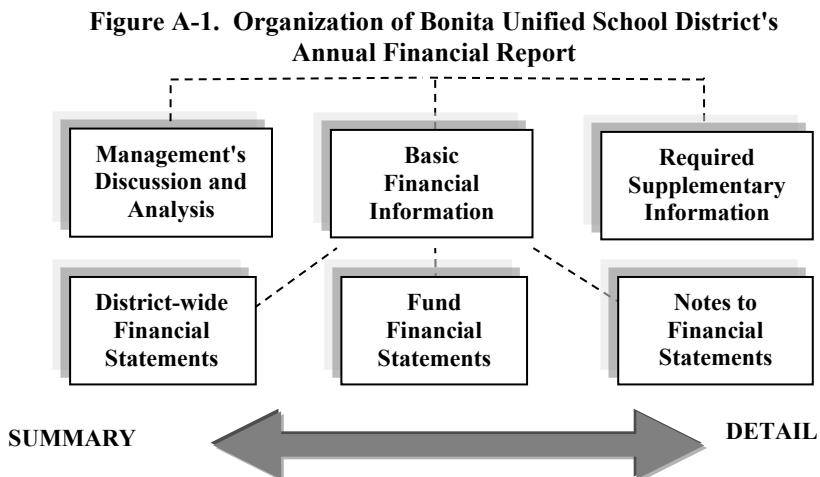
- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by \$6.6 million, or 27.7%.
- Governmental expenses were about \$176.5 million. Revenues were about \$169.9 million.
- The District acquired \$2.8 million in new capital assets during the year.
- Governmental funds decreased by \$8.3 million, or 11.3%.
- Reserves for the General Fund increased by \$2.4 million or 35.3%. Revenues were \$154.9 million, and expenditures were \$165.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

BONITA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The District-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 District'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 District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

1. ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements 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. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
2. ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers' compensation claims, health and welfare benefits, and property and liability claims.

BONITA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2025, than it was the year before – decreasing 27.7% to \$(30.3) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2025	2024*	
Assets			
Current assets	\$ 95,722,208	\$ 95,982,037	\$ (259,829)
Capital assets	121,407,767	128,959,789	(7,552,022)
Total Assets	217,129,975	224,941,826	(7,811,851)
Total Deferred Outflows of Resources	54,382,838	59,334,117	(4,951,279)
Liabilities			
Current liabilities	20,763,598	11,713,194	9,050,404
Long-term liabilities	255,331,462	274,065,002	(18,733,540)
Total Liabilities	276,095,060	285,778,196	(9,683,136)
Total Deferred Inflows of Resources	25,762,015	22,255,799	3,506,216
Net Position			
Net investment in capital assets	17,101,460	18,023,905	(922,445)
Restricted	42,692,904	45,322,183	(2,629,279)
Unrestricted	(90,138,626)	(87,104,140)	(3,034,486)
Total Net Position	\$ (30,344,262)	\$ (23,758,052)	\$ (6,586,210)

*As restated

Changes in net position, governmental activities. The District's total revenues decreased 2.0% to \$169.9 million (See Table A-2). The decrease is due primarily to one-time federal awards received in the prior year.

The total cost of all programs and services increased 2.4% to \$176.5 million. The District's expenses are predominantly related to educating and caring for students, 58.4%. The purely administrative activities of the District accounted for just 6.8% of total costs. A significant contributor to the increase in costs was an increase in salaries and salary-related benefits.

BONITA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
Revenues			
Program Revenues:			
Charges for services	\$ 682,169	\$ 930,395	\$ (248,226)
Operating grants and contributions	22,725,749	28,369,788	(5,644,039)
General Revenues:			
Federal and state aid not restricted	93,913,593	94,448,833	(535,240)
Property taxes	43,432,446	41,139,323	2,293,123
Other general revenues	9,179,478	8,430,646	748,832
Total Revenues	169,933,435	173,318,985	(3,385,550)
Expenses			
Instruction-related	103,057,855	102,153,551	904,304
Pupil services	21,177,229	20,710,670	466,559
Administration	12,003,128	10,653,188	1,349,940
Plant services	15,893,473	15,281,554	611,919
All other activities	24,387,960	23,509,476	878,484
Total Expenses	176,519,645	172,308,439	4,211,206
Increase (decrease) in net position	(6,586,210)	1,010,546	\$ (7,596,756)
Total Net Position	\$ (30,344,262)	\$ (23,758,052)	

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 \$65.0 million, which is below last year's ending fund balance of \$73.3 million. The primary cause of the decreased fund balance is spending down one-time state grants in the General Fund.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2024	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2025
General Fund	\$ 51,012,640	\$ 154,909,073	\$ 165,709,966	\$ -	\$ 40,211,747
Student Activity Fund	1,247,339	2,065,773	1,968,904	-	1,344,208
Child Development Fund	92,952	2,618,134	2,187,549	-	523,537
Cafeteria Fund	4,971,664	7,755,845	6,511,538	-	6,215,971
Special Reserve Fund (Postemployment Benefits)	924,875	48,733	-	-	973,608
Capital Facilities Fund	4,031,917	705,984	158,255	-	4,579,646
Capital Outlay Fund for Blended Component Units	2,795,556	999,793	1,295,886	-	2,499,463
Bond Interest and Redemption Fund	8,252,338	9,606,253	9,192,744	-	8,665,847
	\$ 73,329,281	\$ 178,709,588	\$ 187,024,842	\$ -	\$ 65,014,027

BONITA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – decreased by \$7.6 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$1.2 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$9.2 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$31.5 million, the actual results for the year show that expenditures exceeded revenues by roughly \$10.8 million. Actual revenues were \$23.2 million more than anticipated, and expenditures were \$2.6 million more than budgeted.

That amount consists primarily of STRS on-behalf contributions from the State and Education Protection Account revenues that were not budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024-25 the District had acquired \$2.8 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year was \$10.2 million and amortization was \$0.2 million.

Table A-4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
Land	\$ 1,711,208	\$ 1,711,208	\$ -
Improvement of sites	41,964,503	43,670,046	(1,705,543)
Buildings	72,459,515	73,057,033	(597,518)
Equipment	5,032,976	4,600,473	432,503
Construction in progress	-	5,526,461	(5,526,461)
Subscription assets	239,565	394,568	(155,003)
Total	\$ 121,407,767	\$ 128,959,789	\$ (7,552,022)

Long-Term Debt

At year-end the District had \$255.3 million in long-term liabilities – a decrease of 6.8% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 6-8 to the financial statements).

BONITA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase (Decrease)
	2025	2024*	
General obligation bonds	\$ 102,235,335	\$ 108,729,670	\$ (6,494,335)
Clean renewable energy bonds	7,924,000	8,724,000	(800,000)
Subscription-based IT arrangements	-	3,000	(3,000)
Compensated absences	5,290,683	5,410,540	(119,857)
Early retirement incentives	620,064	653,369	(33,305)
Estimated claims liability	2,565,850	2,804,469	(238,619)
Other postemployment benefits	25,079,107	25,466,355	(387,248)
Net pension liability	111,616,423	122,273,599	(10,657,176)
Total	\$ 255,331,462	\$ 274,065,002	\$ (18,733,540)

**As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

California State Budget

The Budget aims to solve a \$11.8 billion General Fund deficit for 2025-26 through reductions, borrowing and fund shifts. The 2025-26 Enacted Budget relies on reserves and deferrals to meet its Proposition 98 obligations for the fiscal year, including the scheduled \$7.1 billion Budget Stabilization Act (BSA) withdrawal in 2025-26. This will leave a combined reserve balance of \$15.7 billion in 2025-26, including \$11.2 billion in the BSA and an additional \$4.5 billion in the state's discretionary reserve account (the Special Fund for Economic Uncertainties).

TK-12 Education

The Budget includes total funding of \$137.6 billion (\$80.5 billion General Fund and \$57.1 billion other funds) for all TK-12 education programs.

Proposition 98

The Budget revised estimates of General Fund revenues resulting in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be \$98.5 billion in 2023-24, \$119.9 billion in 2024-25, and \$114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately \$3.9 billion over the three-year period relative to the 2024 Budget Act. The Budget appropriates the 2024-25 Guarantee at \$118 billion, instead of the currently calculated level of \$119.9 billion. The difference between the appropriated and the calculated levels is \$1.9 billion, which is referred to as "settle-up." The 2024-25 Guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout 2026.

The Budget shifts the full TK expansion funding to the TK-12 education side of the Proposition 98 budget, beginning in the 2025-26 fiscal year. This shifts \$232.9 million in ongoing resources from community colleges to TK-12 schools. The purpose of re-benchmarking Proposition 98 for the cost of TK expansion is to ensure that the implementation of universal TK does not create a fiscal burden on existing TK-12 programs.

BONITA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

The Budget includes a LCFF cost-of-living adjustment of 2.3 percent. When combined with population growth adjustments, these baseline adjustments will increase discretionary funds for local educational agencies (LEAs) by \$2.1 billion compared to the 2024 Budget Act. To fully fund the LCFF, the Budget uses \$405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in 2025-26.

Budgetary deferrals of \$246.6 million for TK-12 education from 2024-25 will be fully repaid in 2025-26. However, to fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

Funding Results for Education Programs

In the 2025-26 school year, the Budget provides a total of \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK. The Budget also provides an additional \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The Budget provides \$515.1 million ongoing for the full implementation of the Expanded Learning Opportunities Program by increasing the number of elementary schools that offer universal access to students. Additionally, the Budget includes \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per LEA.

The Budget provides \$480 million to support literacy instruction aligned with the ELA/ELD Framework and includes multiple investments intended to support teachers and improve access to the educator pipeline. In addition, the Budget allocates \$1.7 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant, as well as numerous one-time grants for various new and ongoing program support.

Federal Implications

Because the State Budget was approved in late June, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The bill does not make any statutory or direct funding adjustments to TK-12 federal education programs, including Title I and the Individuals with Disabilities Education Act. However, the bill allocates \$100 million to the OMB to conduct reviews across the executive branch aimed at identifying "budget and accounting efficiencies."

All of these factors were considered in preparing the Bonita Unified School District budget for the 2025-26 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Assistant Superintendent of Business Services, Sonia Eckley, at (909) 971-8320.

BONITA UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Total	Governmental	Activities
ASSETS			
Deposits and investments	\$ 88,216,000		
Accounts receivable	7,167,674		
Inventories	198,142		
Prepays	140,392		
Capital assets:			
Non-depreciable assets	1,711,208		
Depreciable assets	277,711,379		
Less accumulated depreciation	(158,254,385)		
Subscription assets	580,907		
Less accumulated amortization	(341,342)		
Total Assets	<u>217,129,975</u>		
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	2,773,777		
Deferred outflows of resources - OPEB	5,227,507		
Deferred outflows of resources - pensions	46,381,554		
Total Deferred Outflows of Resources	<u>54,382,838</u>		
LIABILITIES			
Accounts payable	18,790,666		
Accrued interest payable	1,204,358		
Unearned revenue	768,574		
Noncurrent liabilities			
Due or payable within one year	7,977,680		
Due in more than one year:			
Other than OPEB and pensions	110,658,252		
Total OPEB liability	25,079,107		
Net pension liability	111,616,423		
Total Liabilities	<u>276,095,060</u>		
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	15,994,036		
Deferred inflows of resources - OPEB	9,767,979		
Total Deferred Outflows of Resources	<u>25,762,015</u>		
NET POSITION			
Net investment in capital assets	17,101,460		
Restricted for:			
Capital projects	4,579,646		
Debt service	8,665,847		
Student body activities	1,305,874		
Categorical programs	28,141,537		
Unrestricted	<u>(90,138,626)</u>		
Total Net Position	<u><u>\$ (30,344,262)</u></u>		

BONITA UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instructional services:				
Instruction	\$ 87,463,995	\$ 144,263	\$ 6,016,947	\$ (81,302,785)
Instruction-related services:				
Supervision of instruction	5,648,666	6,681	464,598	(5,177,387)
Instructional library, media and technology	1,433,136	-	(13,507)	(1,446,643)
School site administration	8,512,058	17,791	(245,050)	(8,739,317)
Pupil support services:				
Home-to-school transportation	3,467,354	2,367	339,685	(3,125,302)
Food services	5,909,100	111,346	6,768,092	970,338
All other pupil services	11,800,775	74,306	1,953,845	(9,772,624)
General administration services:				
Data processing services	3,274,601	-	-	(3,274,601)
Other general administration	8,728,527	17,626	837,101	(7,873,800)
Plant services	15,893,473	12,260	416,268	(15,464,945)
Ancillary services	4,429,860	-	1,989,702	(2,440,158)
Community services	4,835,402	-	3,042,695	(1,792,707)
Enterprise activities	40,825	-	-	(40,825)
Interest on long-term debt	3,181,204	-	-	(3,181,204)
Other outgo	1,563,768	295,529	1,155,373	(112,866)
Depreciation (unallocated)	10,181,898	-	-	(10,181,898)
Amortization (unallocated)	155,003	-	-	(155,003)
Total Governmental Activities	\$ 176,519,645	\$ 682,169	\$ 22,725,749	\$ (153,111,727)
General Revenues:				
Property taxes				43,432,446
Federal and state aid not restricted to specific purpose				93,913,593
Interest and investment earnings				3,530,892
Miscellaneous				5,648,586
Total general revenues				<u>146,525,517</u>
Change in net position				<u>(6,586,210)</u>
Net position - July 1, 2024, as originally stated				<u>(21,367,466)</u>
Adjustment for restatement (Note 12)				<u>(2,390,586)</u>
Net position - July 1, 2024, as restated				<u>(23,758,052)</u>
Net position - June 30, 2025				<u>\$ (30,344,262)</u>

BONITA UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 54,760,328	\$ 8,665,847	\$ 13,787,401	\$ 77,213,576
Accounts receivable	5,309,067	-	1,678,467	6,987,534
Inventories	94,200	-	103,942	198,142
Prepaid expenditures	120,114	-	-	120,114
Total Assets	\$ 60,283,709	\$ 8,665,847	\$ 15,569,810	\$ 84,519,366
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 18,390,231	\$ -	\$ 346,534	\$ 18,736,765
Unearned revenue	708,123	-	60,451	768,574
Total Liabilities	19,098,354	-	406,985	19,505,339
Fund Balances				
Nonspendable	304,314	-	103,942	408,256
Restricted	22,225,733	8,665,847	14,235,179	45,126,759
Assigned	9,593,440	-	823,704	10,417,144
Unassigned	9,061,868	-	-	9,061,868
Total Fund Balances	41,185,355	8,665,847	15,162,825	65,014,027
Total Liabilities and Fund Balances	\$ 60,283,709	\$ 8,665,847	\$ 15,569,810	\$ 84,519,366

BONITA UNIFIED SCHOOL DISTRICT

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

Total Fund Balances - Governmental Funds	\$ 65,014,027
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In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation and amortization.

Capital assets at historical cost:	279,422,587
Accumulated depreciation:	(158,254,385)
Subscription assets at historical cost:	580,907
Accumulated amortization:	<u>(341,342)</u>
Net:	121,407,767

In governmental funds, interest subsidies received from Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest subsidies included in accounts receivable in the government-wide statements were:

74,423

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:

2,773,777

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:

(1,204,358)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

General obligation bonds	102,235,335
Compensated absences	5,290,683
Early retirement incentive	620,064
Clean Renewable Energy Bonds	7,924,000
Other postemployment benefits	25,079,107
Net pension liability	<u>111,616,423</u>
	(252,765,612)

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 and inflows relating to OPEB for the period were:

Deferred outflows - related to OPEB	5,227,507
Deferred inflows - related to OPEB	(9,767,979)

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 and inflows relating to pensions for the period were:

Deferred outflows - related to pensions	46,381,554
Deferred inflows - related to pensions	(15,994,036)

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:

8,508,668

Total Net Position - Governmental Activities \$ (30,344,262)

BONITA UNIFIED SCHOOL DISTRICT

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

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 116,097,178	\$ -	\$ -	\$ 116,097,178
Federal sources	3,984,788	180,759	3,054,118	7,219,665
Other state sources	17,239,921	45,192	4,343,455	21,628,568
Other local sources	17,635,919	9,380,302	6,747,956	33,764,177
Total Revenues	<u>154,957,806</u>	<u>9,606,253</u>	<u>14,145,529</u>	<u>178,709,588</u>
EXPENDITURES				
Current:				
Instruction	98,558,327	-	-	98,558,327
Instruction-Related Services:				
Supervision of instruction	7,466,461	-	-	7,466,461
Instructional library, media and technology	1,354,586	-	-	1,354,586
School site administration	9,204,325	-	-	9,204,325
Pupil Support Services:				
Home-to-school transportation	3,343,564	-	-	3,343,564
Food services	7,395	-	5,969,004	5,976,399
All other pupil services	12,782,834	-	9,695	12,792,529
Ancillary services	2,594,663	-	1,968,904	4,563,567
Community services	2,871,886	-	1,713,599	4,585,485
General Administration Services:				
Data processing services	3,161,557	-	-	3,161,557
Other general administration	6,455,512	-	-	6,455,512
Plant services	13,498,974	-	1,679,545	15,178,519
Transfers of indirect costs	(342,643)	-	342,643	-
Capital Outlay	2,083,746	-	438,742	2,522,488
Intergovernmental Transfers	1,563,768	-	-	1,563,768
Debt Service:				
Principal	803,000	6,240,000	-	7,043,000
Interest	<u>302,011</u>	<u>2,952,744</u>	<u>-</u>	<u>3,254,755</u>
Total Expenditures	<u>165,709,966</u>	<u>9,192,744</u>	<u>12,122,132</u>	<u>187,024,842</u>
Net Change in Fund Balances	(10,752,160)	413,509	2,023,397	(8,315,254)
Fund Balances, July 1, 2024	<u>51,937,515</u>	<u>8,252,338</u>	<u>13,139,428</u>	<u>73,329,281</u>
Fund Balances, June 30, 2025	<u>\$ 41,185,355</u>	<u>\$ 8,665,847</u>	<u>\$ 15,162,825</u>	<u>\$ 65,014,027</u>

BONITA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,

and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ (8,315,254)
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Amounts reported for governmental *activities* in the statement of activities are different because:

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	2,784,879
Depreciation expense	(10,181,898)
Amortization expense	<u>(155,003)</u>
Net:	(7,552,022)

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

7,043,000

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these amounts are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year amounts and the current year amortization is:

(417,129)

In governmental funds, accrued interest is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. The difference between accrued interest accrued during the year and accrued interest paid is:

(48,464)

In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:

302,799

In governmental funds, OPEB expenses are recognized when employer 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 employers contributions was:

(1,374,533)

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

238,567

In the statement of activities, certain operating expenses - such as compensated absences and early retirement incentives, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between compensated absences and early retirement incentives paid and earned was:

153,162

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

4,378,582

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:

(994,918)

Change in Net Position of Governmental Activities

\$ (6,586,210)

BONITA UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2025

	Governmental Activities	Internal Service Funds
ASSETS		
Current Assets		
Deposits and investments	\$ 11,002,424	
Accounts receivable	105,717	
Prepaid expenses	<u>20,278</u>	
Total Assets	<u>11,128,419</u>	
LIABILITIES		
Current Liabilities		
Accrued liabilities	53,901	
Non-Current Liabilities		
Estimated claims liability	<u>2,565,850</u>	
Total Liabilities	<u>2,619,751</u>	
NET POSITION		
Restricted	<u>\$ 8,508,668</u>	

BONITA UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2025*

	Governmental Activities	<hr/>
	Internal Service Funds	<hr/>
OPERATING REVENUES		
All other fees and contracts	\$ 10,000	<hr/>
OPERATING EXPENSES		
Salaries and benefits	155,784	
Supplies and materials	705	
Services and other operating expenses	<hr/> 1,523,489	
Total operating expenses	<hr/> 1,679,978	
Operating Income (Loss)	(1,669,978)	
NON-OPERATING REVENUES		
Interest income	955,119	
Change in the fair value of investments	<hr/> (280,059)	
Total non-operating revenues	<hr/> 675,060	
Change in net position	(994,918)	
Net position, July 1, 2024	<hr/> 9,503,586	
Net position, June 30, 2025	<hr/> \$ 8,508,668	

BONITA UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activities	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from all other sources	\$ 150,615	
Cash payments for payroll, insurance and operating costs	<u>(1,914,719)</u>	
Net cash provided (used) by operating activities	(1,764,104)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in the fair value of investments	(280,059)	
Interest received	<u>849,402</u>	
Net cash provided by investing activities	<u>569,343</u>	
Net increase (decrease) in cash and cash equivalents	(1,194,761)	
Cash, July 1, 2024	<u>12,197,185</u>	
Cash, June 30, 2025	<u>\$ 11,002,424</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,669,978)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	-	
(Increase) decrease in accounts receivable	140,615	
(Increase) decrease in due from other funds	-	
(Increase) decrease in other current assets	-	
Increase (decrease) in due to other funds	-	
Net cash provided (used) by operating activities	<u>\$ (1,764,104)</u>	

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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 of the District.

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 identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial 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 revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its proprietary funds (and blended component units). Separate statements for each fund category - *governmental* and *proprietary* - 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 nonmajor funds.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Special Reserve Fund for Postemployment Benefits which does not meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the General Fund.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125-15262*).

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

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

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 and 38093*).

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code Sections 17620-17626* and *Government Code Section 65995 et seq.*).

Capital Projects Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

Internal Service Funds: These funds are used to account for services rendered on a cost-reimbursement basis within the District. The District operates workers' compensation and property and liability insurance programs that are accounted for in the Internal Service Fund. In addition, the District's health and welfare benefit programs are accounted for in the Internal Service Fund.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds in 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*).

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California 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 districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

C. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation is calculated on a straight-line basis.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets (continued)

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & tools	Shop & maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science & engineering	Lab equipment, scientific apparatus	10
Furniture & accessories	Classroom & other furniture	20
Business machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, bass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. 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 combined 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.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 Statement of Net Position 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 will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The District has implemented GASB Statement No. 101, *Compensated Absences*. A liability is reported for unused vacation leave. Although sick leave is not paid out upon separation, a liability is recorded for the portion of sick leave that is more likely than not to be used for paid time off. The liability is measured using current pay rates and includes applicable salary-related costs.

7. Leases

Lessee:

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying assets.

Lessor:

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

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Subscription-Based Information Technology Arrangements

The District recognizes a subscription liability and an intangible right-to-use subscriptions IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the lease liability, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program 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, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

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

11. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Fund Balances (continued)

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

E. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of equal to no less than three percent of total General Fund expenditures and other financing uses.

The Fund Balance Policy establishes a minimum Unassigned Fund Balance equal to 7% of total General Fund expenditures. In the event that the balance drops below the established minimum level, the District's Board of Education will develop a plan to replenish the fund balance to the established minimum level.

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

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

H. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires the recognition of accrued compensated absences as a liability in the financial statements. The implementation resulted in a cumulative effect adjustment to beginning net position to reflect the recognition of accumulated leave liabilities previously unrecorded. The impact on the District's beginning net position was a decrease of \$2,390,586.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	\$ 77,213,576
Proprietary funds	<u>11,002,424</u>
Total Deposits and Investments	<u>\$ 88,216,000</u>

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

Cash on hand and in banks	\$ 1,581,099
Cash in revolving fund	90,000
Investments	<u>86,544,901</u>
Total Deposits and Investments	<u>\$ 88,216,000</u>

Investment security ratings reported as of June 30, 2025, are defined by *Standard and Poors*.

Pooled Funds

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

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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, \$455,424 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2025, consist of the following:

	Rating	Reported Amount	Maturity		
			Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investment maturities:					
Los Angeles County Investment Pool	N/A	\$ 86,544,901	\$ 86,544,901	-	Uncategorized

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2025, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had no investments outside the County Treasury.

Fair Value Measurements

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

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets..

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Los Angeles 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.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Governmental Funds Total	Internal Service Fund
Federal Government:				
Categorical aid programs	\$ 2,441,751	\$ 377,276	\$ 2,819,027	\$ -
State Government:				
Lottery	722,970	-	722,970	-
Categorical aid programs	1,325,522	1,068,803	2,394,325	-
Local:				
Interest	352,130	87,862	439,992	105,717
All other local sources	466,694	144,526	611,220	-
Total	<u>\$ 5,309,067</u>	<u>\$ 1,678,467</u>	<u>\$ 6,987,534</u>	<u>\$ 105,717</u>

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 – FUND BALANCES

At June 30, 2025, fund balances of the District's governmental funds are classified as follows:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 90,000	\$ -	\$ -	\$ 90,000
Stores inventories	94,200	-	103,942	198,142
Prepaid expenditures	120,114	-	-	120,114
Total Nonspendable	304,314	-	103,942	408,256
Restricted:				
Categorical programs	22,225,733	-	5,850,196	28,075,929
Capital projects	-	-	7,079,109	7,079,109
Debt service	-	8,665,847	-	8,665,847
Student body activities	-	-	1,305,874	1,305,874
Total Restricted	22,225,733	8,665,847	14,235,179	45,126,759
Assigned:				
School site carryovers	522,159	-	-	522,159
Donations and abatements	636,552	-	-	636,552
Additional 4% board reserve	6,610,145	-	-	6,610,145
RRMA carryover	850,976	-	-	850,976
Other assignments	973,608	-	823,704	1,797,312
Total Assigned	9,593,440	-	823,704	10,417,144
Unassigned:				
Reserve for economic uncertainties	4,957,608	-	-	4,957,608
Remaining unassigned balances	4,104,260	-	-	4,104,260
Total Unassigned	9,061,868	-	-	9,061,868
Total	\$ 41,185,355	\$ 8,665,847	\$ 15,162,825	\$ 65,014,027

BONITA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2024	Additions	Retirements	Balance, June 30, 2025
Capital assets not being depreciated:				
Land	\$ 1,711,208	\$ -	\$ -	\$ 1,711,208
Construction in progress	5,526,461	-	5,526,461	-
Total capital assets not being depreciated	<u>7,237,669</u>	<u>-</u>	<u>5,526,461</u>	<u>1,711,208</u>
Capital assets being depreciated:				
Improvement of sites	81,702,750	2,147,872	-	83,850,622
Buildings	172,657,316	5,106,459	-	177,763,775
Equipment	15,039,973	1,057,009	-	16,096,982
Total capital assets being depreciated	<u>269,400,039</u>	<u>8,311,340</u>	<u>-</u>	<u>277,711,379</u>
Accumulated depreciation for:				
Improvement of sites	(38,032,704)	(3,853,415)	-	(41,886,119)
Buildings	(99,600,283)	(5,703,977)	-	(105,304,260)
Equipment	(10,439,500)	(624,506)	-	(11,064,006)
Total accumulated depreciation	<u>(148,072,487)</u>	<u>(10,181,898)</u>	<u>-</u>	<u>(158,254,385)</u>
Total capital assets being depreciated, net	<u>121,327,552</u>	<u>(1,870,558)</u>	<u>-</u>	<u>119,456,994</u>
Subscription assets:				
IT Subscriptions	633,208	-	52,301	580,907
Accumulated amortization for:				
IT Subscriptions	(238,640)	(155,003)	(52,301)	(341,342)
Total subscription assets, net	<u>394,568</u>	<u>(155,003)</u>	<u>-</u>	<u>239,565</u>
Governmental activity capital assets, net	<u>\$ 128,959,789</u>	<u>\$ (2,025,561)</u>	<u>\$ 5,526,461</u>	<u>\$ 121,407,767</u>

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2025, were as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	\$ 105,449,790	\$ -	\$ 6,240,000	\$ 99,209,790	\$ 6,650,000
Accrued interest	531,324	48,464	-	579,788	-
Unamortized issuance premium	2,748,556	-	302,799	2,445,757	302,799
Total - General Obligation Bonds	<u>108,729,670</u>	<u>48,464</u>	<u>6,542,799</u>	<u>102,235,335</u>	<u>6,952,799</u>
Clean renewable energy bonds	8,724,000	-	800,000	7,924,000	840,000
Subscription-based IT arrangements	3,000	-	3,000	-	-
Compensated absences*					
Vacation	3,019,954	-	35,542	2,984,412	-
Sick Time	2,390,586	-	84,315	2,306,271	-
Estimated claims liability	2,804,469	-	238,619	2,565,850	-
Early retirement incentive	653,369	120,500	153,805	620,064	184,881
Totals	<u>\$ 126,325,048</u>	<u>\$ 168,964</u>	<u>\$ 7,858,080</u>	<u>\$ 118,635,932</u>	<u>\$ 7,977,680</u>

*Restated for the implementation of GASB 101

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Clean energy bond payments and subscription payments are made by the General Fund. Additions and deductions for compensated absences are reported net of their cumulative change in the current year. Early retirement incentives will be paid for by the General Fund. Claims liability will be paid by the self-insurance fund.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds

Measure "C"

These bonds were authorized at an election of the registered voters of the District held on March 2, 2004, at which more than 55% of the voters authorized the issuance and sale of \$56,360,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities within the District

Measure "AB"

These bonds were authorized at an election of the registered voters of the District held on November 4, 2008, at which more than 55% of the voters authorized the issuance and sale of \$83,560,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities and to pay costs of issuance associated with the bonds.

A portion of the Measure AB bonds is designated as "Qualified School Construction Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act").

With respect to the bonds, the District expects to receive, on or about each bond payment date for the bonds, a cash subsidy payment from the United States Treasury equal to the lesser of a) the interest payable on such bond payment date or b) the amount of interest that would have been payable on such bond payment date on such bonds if such interest were determined at a federal tax credit rate applicable to the bonds, which Tax Credit Rate is published by the Treasury and determined under Section 54A(b)(3) of the Code. Prior to each such bond payment date for the bonds, the District will submit or cause to be submitted to the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations.

Upon receipt of such Subsidy Payment, the District shall deposit or cause to be deposited any such cash Subsidy Payment into the Debt Service Fund for the bonds maintained by the County. The Subsidy Payment does not constitute a full faith and credit guarantee of the United States Government but is required to be paid by the United States Treasury under the HIRE Act.

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2025, none of the defeased debt remains outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2025, the deferred amounts on refunding were \$2,773,777.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

Prior-Year Defeasance of Debt (continued)

A summary of general obligation bonds issued by the District is shown below:

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2025, were as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 6,650,000	\$ 2,853,256	\$ 9,503,256
2026-2027	7,040,000	2,515,359	9,555,359
2027-2028	7,505,000	2,361,368	9,866,368
2028-2029	7,069,790	2,935,125	10,004,915
2029-2030	8,805,000	1,975,961	10,780,961
2030-2035	34,935,000	6,457,364	41,392,364
2035-2039	27,205,000	1,621,985	28,826,985
Totals	\$ 99,209,790	\$ 20,720,418	\$ 119,930,208

B. Clean Renewable Energy Bonds (CREBS)

On March 18, 2016, the District issued \$13,307,000 of Clean Renewable Energy Bonds through the Public Property Financing Corporation of California. The lease payments bear a fixed interest rate of 3.63% with semi-annual payments commencing on March 17, 2017, through April 1, 2033.

The annual requirements to amortize clean renewable energy bonds outstanding as of June 30, 2025, were as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 840,000	\$ 280,250	\$ 1,120,250
2026-2027	880,000	249,369	1,129,369
2027-2028	920,000	217,035	1,137,035
2028-2029	960,000	183,249	1,143,249
2029-2030	1,010,000	147,918	1,157,918
2030-2033	<u>3,314,000</u>	<u>214,220</u>	<u>3,528,220</u>
Total	\$ 7,924,000	\$ 1,292,041	\$ 9,216,041

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

C. Subscription Based IT Arrangements

The District was involved in several arrangement for subscription based software. The initial terms for these subscriptions range from 24 to 72 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease term. The District used either the stated interest rate or the State's incremental borrowing rate at inception to discount the subscription payments to the net present value. Other key assumptions and policies can be found in Note 1.D. The related asset disclosures are presented in Note 5.

D. Early Retirement Incentives

The District has offered various incentive programs for both certificated and classified employees to induce early retirement. Most programs involve a one-time lump sum payment in addition to an on-going annuity. Currently, 147 retirees are receiving benefits under these programs. Expenditures are recognized on a pay-as-you-go basis, as employees are paid. During the year, expenditures of \$153,805 were incurred for retiree incentives. The estimated future liability at June 30, 2025, is \$620,064. This was estimated by multiplying the number of retirees receiving benefits by the annual payment for each retiree and by the number of years remaining of eligibility.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 24,698,089	\$ 5,227,507	\$ 9,767,979	\$ 2,259,018
MPP Program	381,018	-	-	(62,243)
Total	<u>\$ 25,079,107</u>	<u>\$ 5,227,507</u>	<u>\$ 9,767,979</u>	<u>\$ 2,196,775</u>

The details of each plan are as follows:

District Plan

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Following is a description of the benefits provided by the District:

- Retirees age 55 with at least 10 years of service, who were designated as Teachers or Management (Certificated) and enrolled in one of the CalPERS health plans at retirement will be offered a lifetime subsidy (\$157 per month in 2024, \$158 per month in 2025) from the District.
- Retirees age 50 with at least 10 years of service, who were designated as Classified or Management (Non-teaching) and enrolled in one of the CalPERS health plans at retirement will be offered a lifetime subsidy (\$157 per month in 2024, \$158 per month in 2025) from the District.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Employees Covered by Benefit Terms

As of the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	197
Active employees	750
Total	<u>947</u>

Total OPEB Liability

The District's total OPEB liability of \$24,698,089 for the Plan was measured as of June 30, 2025 and was determined by an actuarial valuation as July 1, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2024
Inflation	2.60 percent
Salary increases	3.25 percent
Healthcare cost trend rates	7.00 percent decreasing to 4.04 percent

Discount Rate

The discount rate under GASB 75 is required to be a blend of the long-term expected rate of return (ROR) to the extent funded and the 20-year municipal bond rate. Specifically, an initial projection is made using the ROR on irrevocable OPEB plan assets and, as long as the plan's net position and projected contributions associated with current participants are expected to fully cover projected benefit payments (including expenses), this long-term rate may be used. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20-year municipal bond yield. A single discount rate is then determined as a blend of the two rates, which produces the same discounted present value of benefits as the dual rate calculation. Since the OPEB is not funded through an irrevocable trust, the municipal bond rate was selected for all years. As of June 30, 2024, a rate of 4.21% was used. As of June 30, 2025, a rate of 4.81% was used.

Mortality Rates

Mortality rates are based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS mortality rates are from the 2024 experience study and the CalPERS mortality rates are from the 2021 experience study.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	<u>\$ 25,023,094</u>
Changes for the year:	
Service cost	1,329,326
Interest	1,092,307
Changes of assumptions	(1,924,396)
Benefit payments	(822,242)
Net changes	(325,005)
Balance at June 30, 2025	<u>\$ 24,698,089</u>

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

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

Discount Rate	OPEB Liability
1% decrease	\$ 27,974,117
Current discount rate	\$ 24,698,089
1% increase	\$ 21,948,911

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

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 21,266,760
Current trend rate	\$ 24,698,089
1% increase	\$ 29,014,420

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$2,259,018. In addition, at June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,448	\$ 3,176,532
Changes of assumptions	5,047,059	6,591,447
Total	\$ 5,227,507	\$ 9,767,979

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

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ (162,615)
2027	(174,661)
2028	(230,624)
2029	(670,672)
2030	(960,480)
Thereafter	(2,341,420)
Total	\$ (4,540,472)

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2024, 4,121 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with *Education Code* Section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2025, the District reported a liability of \$381,018 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2024, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		Change Increase/ (Decrease)
	Fiscal Year	Fiscal Year	
	Ending	Ending	
Measurement Date	June 30, 2025	June 30, 2024	
Proportion of the Net OPEB Liability	0.142945%	0.146080%	-0.003135%

For the year ended June 30, 2025, the District reported OPEB expense of (\$62,243).

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2024
Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	3.93%
Healthcare Cost Trend Rates	5.0% for Medicare Part A, and 6.5% for Medicare Part B

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

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

Discount Rate

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

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

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the 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:

Discount Rate	MPP OPEB	
		Liability
1% decrease	\$	411,110
Current discount rate	\$	381,018
1% increase	\$	354,559

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Trend Rates	Medicare Cost		MPP OPEB	
				Liability
1% decrease	\$		\$	352,972
Current trend rate	\$		\$	381,018
1% increase	\$		\$	412,330

NOTE 8 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 65,811,752	\$ 26,970,842	\$ 10,085,904	\$ 4,800,989
CalPERS	45,804,671	19,410,712	5,908,132	8,457,530
Total	\$ 111,616,423	\$ 46,381,554	\$ 15,994,036	\$ 13,258,519

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

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

	STRP Defined Benefit Program	
Hire Date	On or before December 31, 2012	On or after January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLANS (continued)

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

Contributions

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

The contribution rates for each program for the year ended June 30, 2025, are presented above, and the District's total contributions were \$12,791,390.

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 net pension liability	\$ 65,811,752
State's proportionate share of the net pension liability associated with the District	<u>30,194,658</u>
Total	<u>\$ 96,006,410</u>

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2025	June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.097988%	0.098761%	-0.000773%

For the year ended June 30, 2025, the District recognized pension expense of \$4,800,989. In addition, the District recognized pension expense and revenue of \$(2,884,939) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,791,390	\$ -
Net change in proportionate share of net pension liability	6,447,211	2,447,731
Difference between projected and actual earnings		
on pension plan investments	-	265,548
Changes of assumptions	288,085	4,494,714
Differences between expected and actual experience	7,444,156	2,877,911
Total	<u>\$ 26,970,842</u>	<u>\$ 10,085,904</u>

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – 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)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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	\$ 1,536,445	\$ 5,117,081
2027	7,006,837	703,696
2028	1,619,536	1,280,846
2029	1,768,805	1,580,690
2030	1,611,405	847,739
Thereafter	636,424	555,852
Total	<u>\$ 14,179,452</u>	<u>\$ 10,085,904</u>

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024, include:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007, through June 30, 2022
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	38.0%	8.00%	5.25%
Real Estate	15.0%	6.80%	4.05%
Private Equity	14.0%	9.50%	6.75%
Fixed Income	14.0%	5.20%	2.45%
Risk Mitigating Strategies	10.0%	5.00%	2.25%
Inflation Sensitive	7.0%	6.40%	3.65%
Cash/Liquidity	2.0%	2.80%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability	
	1% decrease (6.10%)	\$ 117,057,573
Current discount rate (7.10%)	\$ 65,811,752	
1% increase (8.10%)	\$ 23,019,366	

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$6,096,937.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	27.05%	27.05%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025 are presented above, and the total District contributions were \$7,274,311.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – 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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$45,804,671. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2025	June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.128165%	0.129994%	-0.001829%

For the year ended June 30, 2025, the District recognized pension expense of \$8,457,530. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,274,311	\$ -
Net change in proportionate share of net pension liability	471,078	546,724
Difference between projected and actual earnings on pension plan investments	6,812,833	5,033,586
Changes of assumptions	1,012,438	-
Differences between expected and actual experience	3,840,052	327,822
Total	\$ 19,410,712	\$ 5,908,132

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

BONITA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – 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)

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	\$ 6,158,693	\$ 3,812,652
2027	4,891,786	703,166
2028	1,085,922	703,166
2029	-	689,148
2030	-	-
Thereafter	-	-
Total	\$ 12,136,401	\$ 5,908,132

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2023
Experience Study	2000-2019
Actuarial Cost Method	Individual entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 68,043,220
Current discount rate (6.9%)	\$ 45,804,671
1% increase (7.9%)	\$ 27,433,858

C. Alternative Plans

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use an alternate plan through National Benefit Services, LCC.

D. Payables to the Pension Plans

At June 30, 2025, the District reported payables of \$2,945,265 and \$426,266 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2025.

BONITA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – JOINT VENTURES

The Bonita Unified School District participates in joint ventures under a joint powers agreement (JPA) with the Alliance of Schools for Cooperative Insurance Program (ASCP). The relationships between the Bonita Unified School District and the JPAs are such that the JPA's are not a component unit of the District for financial reporting purposes. Audited financial statements are available from the respective entities.

The JPA's provide for property, liability and workers' compensation insurance for its member districts. The JPA's are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA's independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA's.

NOTE 10 – RISK MANAGEMENT

Property and Liability

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

Workers' Compensation

For fiscal year 2025, the District participated in the ASCP risk pool and VIP JPA for workers compensation up to \$750,000 per claim self-insured retention, with excess coverage provided by the JPA's excess coverage insurance carrier, Hanover. The workers' compensation rate as a percent of salary is determined annually based on an actuarial study.

Employee Medical Benefits

For fiscal year 2025, the District had a cap of a \$1,400 tenthly contribution on employer paid health and welfare benefits. The District has contracted with the California Public Employment Retirement System (CalPERS) Health Plan and with Kaiser Permanente to provide medical and surgical benefits, and with Delta Care, Delta Dental, and United Concordia for dental benefits. Vision benefits are provided through Vision Service Plan. Disability insurance, cancer insurance, and accident insurance are also options available to employees.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Construction Commitments

As of June 30, 2025, the District had no commitments with respect to unfinished capital projects.

C. Litigation

The District is involved in various legal matters. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the matters will have a material impact on the financial statements.

BONITA UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2025*

NOTE 12 – ADJUSTMENTS FOR RESTATEMENT

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard.

	Statement of Activities
Net position - July 1, 2024, as originally stated	<u>\$ (21,367,466)</u>
Implementation of GASB 101	<u>(2,390,586)</u>
Net position - July 1, 2024, as restated	<u><u>\$ (23,758,052)</u></u>

Required Supplementary Information

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BONITA UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual		Variance with Final Budget - Pos (Neg)	
	Original	Final	(Budgetary Basis)			
Revenues						
LCFF Sources	\$ 114,805,338	\$ 100,493,152	\$ 116,097,178	\$ 15,604,026		
Federal Sources	3,987,828	4,417,995	3,984,788	(433,207)		
Other State Sources	8,004,294	10,045,271	17,239,921	7,194,650		
Other Local Sources	12,447,537	16,737,638	17,587,186	849,548		
Total Revenues	139,244,997	131,694,056	154,909,073	23,215,017		
Expenditures						
Current:						
Certificated Salaries	67,172,146	68,814,710	68,779,826	34,884		
Classified Salaries	25,631,130	26,033,186	26,810,709	(777,523)		
Employee Benefits	36,953,849	36,152,773	41,256,484	(5,103,711)		
Books and Supplies	6,446,525	8,949,267	5,348,612	3,600,655		
Services and Other Operating Expenditures	13,604,883	18,586,678	18,981,270	(394,592)		
Capital Outlay	1,157,800	2,476,596	2,206,929	269,667		
Other Outgo	1,703,047	2,135,785	2,326,136	(190,351)		
Total Expenditures	152,669,380	163,148,994	165,709,966	(2,560,972)		
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(13,424,383)	(31,454,938)	(10,800,893)	20,654,045		
Fund Balances, July 1, 2024	53,155,972	51,012,640	51,012,640	-		
Fund Balances, June 30, 2025	\$ 39,731,589	\$ 19,557,702	40,211,747	\$ 20,654,045		

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

Special Revenue Fund for Postemployment Benefits 973,608

Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:

BONITA UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability – CalSTRS For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2025-25 2023-24	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20
District's proportion of the net pension liability	0.0980%	0.0988%	0.0934%	0.0967%	0.0936%
District's proportionate share of the net pension liability	\$ 65,811,752	\$ 75,217,348	\$ 64,920,135	\$ 44,018,755	\$ 90,732,078
State's proportionate share of the net pension liability associated with the District	30,194,658	36,038,746	32,511,750	22,148,530	46,772,397
Totals	\$ 96,006,410	\$ 111,256,094	\$ 97,431,885	\$ 66,167,285	\$ 137,504,475
District's covered-employee payroll	\$ 65,399,294	\$ 61,166,574	\$ 55,438,416	\$ 47,190,462	\$ 51,614,397
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.63%	122.97%	117.10%	93.28%	175.79%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Employer's Fiscal Year Measurement Period	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15
District's proportion of the net pension liability	0.0909%	0.0892%	0.0883%	0.0900%	0.0920%
District's proportionate share of the net pension liability	\$ 82,140,521	\$ 81,993,332	\$ 81,651,930	\$ 72,792,900	\$ 61,938,080
State's proportionate share of the net pension liability associated with the District	44,813,138	46,945,017	48,304,592	41,445,801	32,758,329
Totals	\$ 126,953,659	\$ 128,938,349	\$ 129,956,522	\$ 114,238,701	\$ 94,696,409
District's covered-employee payroll	\$ 49,843,602	\$ 47,651,712	\$ 46,975,636	\$ 45,280,429	\$ 43,418,097
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.80%	172.07%	173.82%	160.76%	142.65%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

BONITA UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability – CalPERS For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2024-25 2023-24	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20
District's proportion of the net pension liability	0.1282%	0.1300%	0.1287%	0.1282%	0.1266%
District's proportionate share of the net pension liability	\$ 45,804,671	\$ 47,056,251	\$ 44,300,016	\$ 26,060,848	\$ 38,837,536
District's covered-employee payroll	\$ 25,670,195	\$ 22,939,972	\$ 19,899,799	\$ 18,580,077	\$ 18,231,930
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.44%	205.13%	222.62%	140.26%	213.02%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Employer's Fiscal Year Measurement Period	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15
District's proportion of the net pension liability	0.1238%	0.1232%	0.1202%	0.1200%	0.1236%
District's proportionate share of the net pension liability	\$ 36,066,167	\$ 32,858,325	\$ 28,696,804	\$ 23,700,074	\$ 18,218,762
District's covered-employee payroll	\$ 17,139,989	\$ 16,283,594	\$ 15,327,405	\$ 14,397,096	\$ 13,686,645
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	210.42%	201.79%	187.23%	164.62%	133.11%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions – CalSTRS
For the Fiscal Year Ended June 30, 2025

Employer's Fiscal Year	<i>Last Ten Fiscal Years</i>				
	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 12,791,390	\$ 12,491,265	\$ 11,682,816	\$ 9,380,180	\$ 7,621,260
Contributions in relation to the contractually required contribution	12,791,390	12,491,265	11,682,816	9,380,180	7,621,260
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 66,970,628	\$ 65,399,294	\$ 61,166,574	\$ 55,438,416	\$ 47,190,462
Contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%
Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
	\$ 8,826,062	\$ 8,114,538	\$ 6,876,142	\$ 5,909,535	\$ 4,858,590
Contributions in relation to the contractually required contribution	8,826,062	8,114,538	6,876,142	5,909,535	4,858,590
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 51,614,397	\$ 49,843,602	\$ 47,651,712	\$ 46,975,636	\$ 45,280,429
Contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions – CalPERS
For the Fiscal Year Ended June 30, 2025

Employer's Fiscal Year	<i>Last Ten Fiscal Years</i>				
	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 7,274,311	\$ 6,848,808	\$ 5,819,871	\$ 4,559,044	\$ 3,846,076
Contributions in relation to the contractually required contribution	<u>7,274,311</u>	<u>6,848,808</u>	<u>5,819,871</u>	<u>4,559,044</u>	<u>3,846,076</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 26,892,092	\$ 25,670,195	\$ 22,939,972	\$ 19,899,799	\$ 18,580,077
Contributions as a percentage of covered-employee payroll	27.050%	26.680%	25.370%	22.910%	20.700%
Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
	\$ 3,595,519	\$ 3,095,825	\$ 2,529,005	\$ 2,128,670	\$ 1,705,624
Contributions in relation to the contractually required contribution	<u>3,595,519</u>	<u>3,095,825</u>	<u>2,529,005</u>	<u>2,128,670</u>	<u>1,705,624</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,231,930	\$ 17,139,989	\$ 16,283,594	\$ 15,327,405	\$ 14,397,096
Contributions as a percentage of covered-employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%

BONITA UNIFIED SCHOOL DISTRICT

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

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*			
	2024-25	2023-24	2022-23	2021-22
	2024-25	2023-24	2022-23	2021-22
Total OPEB liability				
Service cost	\$ 1,329,326	\$ 1,151,101	\$ 1,189,814	\$ 1,663,928
Interest	1,092,307	1,107,088	1,035,744	694,926
Differences between expected and actual experience	-	(2,364,952)	-	301,152
Changes of assumptions or other inputs	(1,924,396)	(99,234)	95,944	(7,950,187)
Benefit payments	(822,242)	(843,086)	(759,057)	(822,590)
Net change in total OPEB liability	(325,005)	(1,049,083)	1,562,445	(6,112,771)
Total OPEB liability - beginning	25,023,094	26,072,177	24,509,732	30,622,503
Total OPEB liability - ending	\$ 24,698,089	\$ 25,023,094	\$ 26,072,177	\$ 24,509,732
 Covered-employee payroll	 \$ 67,869,536	 \$ 69,151,708	 \$ 45,224,989	 \$ 46,411,673
 Total OPEB liability as a percentage of covered-employee payroll	 36.39%	 36.19%	 57.65%	 52.81%
Employer's Fiscal Year Measurement Period	2020-21	2019-20	2018-19	2017-18
	2020-21	2019-20	2018-19	2017-18
	2020-21	2019-20	2018-19	2017-18
Total OPEB liability				
Service cost	\$ 1,543,756	\$ 1,065,823	\$ 1,073,435	\$ 1,106,220
Interest	748,040	561,416	545,070	520,352
Differences between expected and actual experience	-	(3,485,698)	-	-
Changes of assumptions or other inputs	2,161,062	9,985,560	609,182	433,954
Benefit payments	(811,477)	(402,407)	(374,750)	(348,307)
Net change in total OPEB liability	3,641,381	7,724,694	1,852,937	1,712,219
Total OPEB liability - beginning	26,981,122	19,256,428	17,403,491	15,691,272
Total OPEB liability - ending	\$ 30,622,503	\$ 26,981,122	\$ 19,256,428	\$ 17,403,491
 Covered-employee payroll	 \$ 47,809,345	 \$ 49,603,266	 \$ 58,573,302	 \$ 62,221,171
 Total OPEB liability as a percentage of covered-employee payroll	 64.05%	 54.39%	 32.88%	 27.97%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

BONITA UNIFIED SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program For the Fiscal Year Ended June 30, 2025

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*			
	2024-25	2023-24	2022-23	2021-22
	2023-24	2022-23	2021-22	2020-21
District's proportion of net OPEB liability	0.1429%	0.1461%	0.1402%	0.1454%
District's proportionate share of net OPEB liability	\$ 381,018	\$ 443,261	\$ 461,894	\$ 579,936
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Employer's Fiscal Year Measurement Period	2020-21	2019-20	2018-19	2017-18
	2019-20	2018-19	2017-18	2016-17
	2019-20	2018-19	2017-18	2016-17
District's proportion of net OPEB liability	0.1419%	0.1406%	0.1403%	0.1405%
District's proportionate share of net OPEB liability	\$ 601,309	\$ 523,463	\$ 536,995	\$ 591,195
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

**This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BONITA UNIFIED SCHOOL DISTRICT

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

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

Schedule of District Contributions

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

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 4.21 percent to 4.81 percent since the previous valuation.

BONITA UNIFIED SCHOOL DISTRICT

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 3.65 percent to 3.93 percent since the previous valuation.

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Supplementary Information

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BONITA UNIFIED SCHOOL DISTRICT

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

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K-3	2,803.42	2,813.20
Grades 4-6	2,067.05	2,069.60
Grades 7-8	1,444.86	1,447.48
Grades 9-12	3,036.01	3,023.47
Total Regular ADA	9,351.34	9,353.75
 Special Education, Nonpublic, Nonsectarian Schools:		
Grades TK/K-3	12.16	12.33
Grades 4-6	11.86	11.62
Grades 7-8	6.12	6.15
Grades 9-12	18.13	18.36
Total Special Education, Nonpublic, Nonsectarian Schools	48.27	48.46
Total ADA	9,399.61	9,402.21

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2025

Grade Level	Instructional Minute Requirement	Instructional Minutes Offered			Instructional Days Offered			Status
		Actual Minutes Offered	J13-A Credited	Total	Actual Days Offered	J13-A Credited	Total	
Transitional								
Kindergarten	36,000	36,695	205	36,900	179	1	180	Complied
Kindergarten	36,000	47,270	250	47,520	179	1	180	Complied
Grade 1	50,400	50,525	235	50,760	179	1	180	Complied
Grade 2	50,400	50,525	235	50,760	179	1	180	Complied
Grade 3	50,400	50,525	235	50,760	179	1	180	Complied
Grade 4	54,000	56,600	235	56,835	179	1	180	Complied
Grade 5	54,000	56,600	235	56,835	179	1	180	Complied
Grade 6	54,000	58,015	255	58,270	179	1	180	Complied
Grade 7	54,000	58,015	255	58,270	179	1	180	Complied
Grade 8	54,000	58,015	255	58,270	179	1	180	Complied
Grade 9	64,800	64,210	695	64,905	178	2	180	Complied
Grade 10	64,800	64,210	695	64,905	178	2	180	Complied
Grade 11	64,800	64,210	695	64,905	178	2	180	Complied
Grade 12	64,800	64,210	695	64,905	178	2	180	Complied

**The District received an approved J-13A waiver for 1-2 days and 205 to 695 minutes, depending on grade level.*

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2025

General Fund ³	(Budget) ²			
	2026	2025 ³	2024	2023
Revenues and other financing sources	\$ 144,531,973	\$ 154,909,073	\$ 157,435,282	\$ 159,157,928
Expenditures and other financing uses	<u>153,999,468</u>	<u>165,709,966</u>	<u>161,764,882</u>	<u>146,926,298</u>
Change in fund balance (deficit)	<u>(9,467,495)</u>	<u>(10,800,893)</u>	<u>(4,329,600)</u>	<u>12,231,630</u>
Ending fund balance	<u>\$ 30,744,252</u>	<u>\$ 40,211,747</u>	<u>\$ 51,012,640</u>	<u>\$ 55,342,240</u>
Available Reserves ¹	<u>\$ 9,193,538</u>	<u>\$ 9,061,868</u>	<u>\$ 6,698,102</u>	<u>\$ 6,130,997</u>
Available Reserves as a percentage of Total Outgo	<u>6.0%</u>	<u>5.5%</u>	<u>4.1%</u>	<u>4.2%</u>
Total Long-Term Debt	<u>\$ 247,353,782</u>	<u>\$ 255,331,462</u>	<u>\$ 274,065,002</u>	<u>\$ 266,697,185</u>
Average Daily Attendance at P-2	<u>9,368</u>	<u>9,400</u>	<u>9,303</u>	<u>9,099</u>

The General Fund balance has decreased by \$15.1 million over the past two years. The fiscal year 2025-26 adopted budget projects a decrease of \$9.5 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term debt has decreased by \$11.4 million over the past two years.

Average daily attendance increased by 301 ADA over the past two years.

Budgeted ADA for fiscal year 2025-26 projects a decrease of 32.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² As of September, 2025.

³ 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 the financial activity of the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

BONITA UNIFIED SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements For the Fiscal Year Ended June 30, 2025

	General Fund	Cafeteria Fund	Special Reserve Fund for Postemployment Benefits	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Self-Insurance Fund
June 30, 2025, annual financial and budget report fund balance	\$ 41,578,727	\$ 6,329,269	\$ 998,162	\$ 4,695,679	\$ 2,566,941	\$ 11,773,084	\$ 8,523,252
Adjustments and reclassifications:							
Increase (decrease) in total fund balances:							
GASB 31 Fair value adjustment	(1,366,980)	(113,298)	(24,554)	(116,033)	(67,478)	(292,237)	(280,059)
Estimated claim liability overstated	-	-	-	-	-	-	265,475
Bond principal payment*	-	-	-	-	-	(2,815,000)	-
June 30, 2025, audited financial statement fund balances	<u>\$ 40,211,747</u>	<u>\$ 6,215,971</u>	<u>\$ 973,608</u>	<u>\$ 4,579,646</u>	<u>\$ 2,499,463</u>	<u>\$ 8,665,847</u>	<u>\$ 8,508,668</u>

*The County Office of Education changed methodology for recording principal payments into a sinking fund for the 2008 B-1 general obligation bond. Audit report will continue to show principal payments.

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program	10.553	13525	\$ 481,329	
Especially Needy Breakfast	10.553	13526	156,060	
National School Lunch Program	10.555	13523	2,002,612	
USDA - Donated Foods	10.555	13391	<u>414,117</u>	
Subtotal Child Nutrition Cluster				\$ 3,054,118
Forest Services Schools and Roads Cluster	10.665	10044		<u>9,165</u>
Total U.S. Department of Agriculture				<u>3,063,283</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,052,425	
School Improvement Funding for LEAs	84.010	15438	<u>174,382</u>	
Subtotal Title I Grants				1,226,807
Title II, Part A, Supporting Effective Instruction	84.367	14341		162,743
English Language Acquisition Grants:				
Title III, Limited English Proficient (LEP) Program	84.365	14346	28,982	
Title III, Immigrant Education Program	84.365	15146	<u>12,278</u>	
Subtotal English Language Acquisition Grants				41,260
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396		79,768
Vocational & Applied Tech Secondary II, Carl Perkins Act	84.048	14894		58,987
Workability II, Transitions Partnership Program	84.126	10006		57,769
Passed through East San Gabriel Valley SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B	84.027	13379	2,178,511	
Preschool Grants, Part B	84.173	13430	52,160	
Mental Health Allocation Plan, Part B	84.027	15197	<u>117,618</u>	
Subtotal Special Education (IDEA) Cluster				2,348,289
Total U.S. Department of Education				<u>3,975,623</u>
Total Expenditures of Federal Awards				<u>\$ 7,038,906</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

BONITA UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information
June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

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 number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 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 Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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

	<u>Assistance Listing</u>	<u>Amount</u>
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 7,219,665
Differences between Federal Revenues and Expenditures:		
Qualified School Construction Bonds - Interest Subsidy	Not applicable	<u>(180,759)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 7,038,906</u>

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Other Information

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BONITA UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure
June 30, 2025

The Bonita Unified School District was formed on December 10, 1957, and is comprised of an area of approximately 49 square miles, including the cities of La Verne and San Dimas, located in the eastern part of Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is currently operating eight elementary schools, two middle schools, two comprehensive high schools for grades 9-12, and one continuation high school.

BOARD OF EDUCATION

Member	Office	Term Expires
Chris Ann Horsley	President	December, 2028
Derek Bahmanou	Vice President	December, 2026
Jim Elliot	Clerk	December, 2026
Greg Palatto	Member	December, 2028
Brittany Allison	Member	December, 2028

DISTRICT ADMINISTRATORS

Matthew Wien,
Superintendent

Sonia Eckley,
Assistant Superintendent, Business Services

Kendra Peterson, Ed.D.,
Assistant Superintendent, Human Resources

Anne Neal,
Assistant Superintendent, Educational Services

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Other Independent Auditors' Reports

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NIGRO & NIGRO^{PC}

A Professional Accountancy Corporation

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Bonita Unified School District
San Dimas, 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 Bonita Unified School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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Murrieta, California
November 26, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Bonita Unified School District
San Dimas, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bonita Unified 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 the Bonita Unified School District's major federal programs for the year ended June 30, 2025. The Bonita Unified 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, the Bonita Unified 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Bonita Unified 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Bonita Unified 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, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Bonita Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Bonita Unified 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 the Bonita Unified 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

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

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Murrieta, California
November 26, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Bonita Unified School District
San Dimas, California

Report on Compliance

Opinion

We have audited the Bonita Unified School District's (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, Bonita Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No*
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	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	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	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable

Areas marked as not applicable were not operated by the District.

*Independent Study was below materiality levels requiring audit.

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 in the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2025-002. Our opinion on each state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the 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, 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 a 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 from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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Murrieta, California
November 26, 2025

Schedule of Findings and Questioned Costs

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BONITA UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2025

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516(a)?	<u>Yes</u>
Identification of major programs:	

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A, Basic Grants Low-Income and Neglected
84.027, 84.173	Special Education (IDEA) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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BONITA UNIFIED SCHOOL DISTRICT
Financial Statement Findings
For the Fiscal Year Ended June 30, 2025

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

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

There were no financial statement findings in 2024-25.

BONITA UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

Finding 2025-001: Annual Report Card, High School Graduation Rate (50000)

Repeat Finding? No

Program Identification:

Federal Agency: U.S. Department of Education

Pass-through Entity: California Department of Education (pass-through numbers 14329, 15438)

Program Names: Title I, Part A Grants:

Title I, Part A, Basic Grants Local-Income and Neglected (AL No. 84.010)

ESEA, School Improvement Grant Funding for LEAs (AL No. 84.010)

Criteria: ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25) (20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))) require a local educational agency to have official written documentation that a student enrolled in another school or in a educational program that culminates in the award of a regular high school diploma in order to remove a student from the graduation cohort. A student who is retained in grade, enrolled in a GED program, or leaves school for any other reason may not be counted has having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort.

Condition: During our testing of compliance and controls over the graduation cohort, we identified one instance in which the District was unable to provide supporting documentation to demonstrate that the student enrolled in another school or in a educational program that culminates in the award of a regular high school diploma.

Context: Exceptions were noted in one out of the five pupils sampled.

Questioned Costs: None.

Cause: Lack of review process to ensure that when a student is removed from the graduation cohort proper documentation is obtained and maintained to support the student's removal from the graduation cohort.

Effect: School sites' graduation rate may be overstated on the school sites' annual report cards.

Recommendation: We recommend the District train school site staff on allowable documentation to remove students from a graduation cohort as well as other cohort codes. Subsequently, the District should assist school sites in developing the record retention process to ensure documentation is available upon request.

Views of Responsible Officials: The Student Services office has worked with the Registrars at the high schools to ensure that a process is followed for record retention and that the graduation cohort data is accurate when students exit that graduation cohort.

BONITA UNIFIED SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2025-002: Instructional Materials (70000)

Repeat Finding? No

Criteria: California Education Code Section 60119 requires the governing board of a school district to determine the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

Condition: The District's Instructional Material resolution did not state that the governing board determined the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

Context: The exception is limited to the 2024-25 school year.

Cause: The District omitted verbiage in Instructional Material resolution stating the governing board determined the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

Effect: The District is out of compliance with Education Code section 60119.

Recommendation: We recommend that the governing board determine the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive, prior to issuing future year's instructional material resolutions.

Views of Responsible Officials: The resolution regarding Instructional Materials for 24-25 erroneously omitted the phrase regarding laboratory equipment. The resolution for Instructional Materials was corrected for 25-26 to include laboratory equipment.

BONITA UNIFIED SCHOOL DISTRICT*Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2025*

Original Finding No.	Finding	Code	Recommendation	Current Status
2024-001 <i>Expanded Learning Opportunity Program</i>	<p>Pursuant to EC Section 46120(b)(2)(D) programs that serve transitional kindergarten or kindergarten pupils must maintain a pupil-to-staff member ratio of no more than 10 to 1 and all other grades must maintain a pupil-to-staff member ratio of no more than 20 to 1.</p> <p>During the month of November, it was noted that the ELOP operating at Grace Miller exceeded the 10:1 ratios for 11 days during morning program sessions.</p>	40000	We recommend that the District track and monitor daily staffing and attendance to ensure compliance.	Implemented.



Board of Education
Bonita Unified School District
San Dimas, California

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

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 26, 2025, on the financial statements of Bonita Unified School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: During our test of cash disbursements, we noted that 4 of 25 disbursements sampled at Bonita High School and 7 of 15 disbursements sampled at Lone Hill Middle School were not properly pre-approved by the district representative, the ASB advisor, and/or the student representative.

Recommendation: We recommend approval by required parties should be obtained before the actual commitment to purchase the items and within the current fiscal year in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

Observation: During our test of cash disbursements at Bonita High School, 5 of 25 disbursements were missing adequate supporting documentation such as a vendor invoice or itemized receipt. The supporting documentation provided in each case was an email requesting payment or a credit card statement with no corresponding receipt or invoice.

Recommendation: We recommend all purchases should be supported by adequate documentation to demonstrate that they are allowable and appropriate expenditures.

Observation: During our test of cash receipts, we noted 6 of 10 deposits sampled at Bonita High School and 2 of 10 deposits sampled at Lone Hill Middle School lacked sufficient supporting documentation.

Recommendation: We recommend supporting documentation such as order forms, ticket control worksheets, pre-numbered receipts, and/or other point of sale documentation should be maintained for all transactions. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

Observation: Through inquiry and observation, we noted safeguards to protect cash against theft do not appear to be adequate at Bonita High School. We noted that the safe is kept unlocked all day. The ASB bookkeeper noted that this was due to the safe being difficult to open.

Recommendation: We recommend that the staff on site keep all cash locked in the safe until it is ready to be deposited, keep the safe locked at all times, and minimize who has access to the safe to ensure that cash is properly safeguarded.

Observation: During our test of ASBs, it was noted that a majority of the unorganized elementary ASBs do not maintain any form of financial statements, including a yearly tracking of income and expenditures.

Recommendation: We recommend all ASBs maintain basic financial statements that track revenue and expenditures as well as assets and liabilities.

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

A handwritten signature in black ink that reads "Vigno & Vigno, PC". The signature is fluid and cursive, with "Vigno & Vigno" on the first line and "PC" on the second line to the right.

Murrieta, California
November 26, 2025