

**BERRYESSA UNION SCHOOL DISTRICT
SANTA CLARA COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2025**

NIGRO & NIGRO^{PC}

BERRYESSA UNION SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2025

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BERRYESSA UNION 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
Berryessa Union School District
San Jose, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berryessa Union 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 Berryessa Union School District, as of June 30, 2025, and the respective changes in financial position 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 auditors' 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 December 1, 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 "Nigro & Nigro, PC". The signature is fluid and cursive, with "Nigro & Nigro" on the top line and "PC" on the bottom line to the right.

Murrieta, California
December 1, 2025

BERRYESSA UNION SCHOOL DISTRICT

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

This discussion and analysis of Berryessa Union 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.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by \$21.8 million, or 36.6%.
- Governmental expenses were about \$89.6 million. Revenues were about \$111.4 million.
- The District acquired over \$16.8 million in new capital assets during the year.
- Governmental funds decreased by \$26.3 million, or 21.1%.

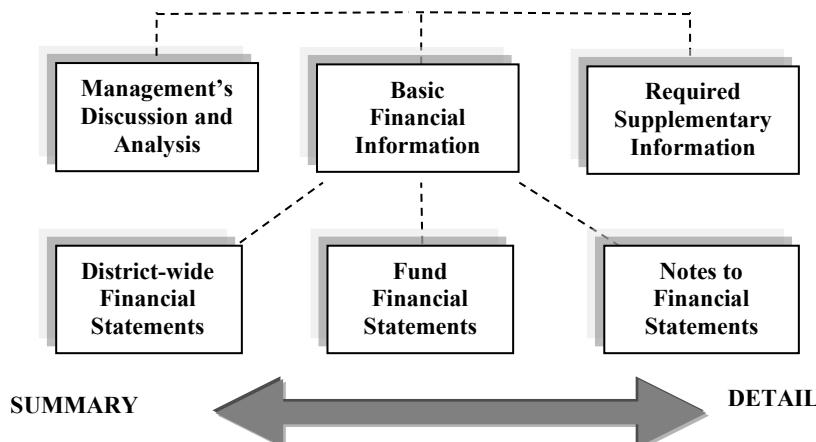
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

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.

Figure A-1. Organization of Berryessa Union School District's Annual Financial Report



BERRYESSA UNION SCHOOL DISTRICT

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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 one kind of fund:

- ***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.

BERRYESSA UNION 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 36.6% to \$(37.7) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2025	2024*	
Assets			
Current assets	\$ 108,972,008	\$ 130,631,670	\$ (21,659,662)
Capital assets	134,875,042	127,190,430	7,684,612
Total Assets	243,847,050	257,822,100	(13,975,050)
Total Deferred Outflows of Resources	31,124,415	33,761,660	(2,637,245)
Liabilities			
Current liabilities	11,590,508	6,326,666	5,263,842
Long-term liabilities	266,010,983	308,925,251	(42,914,268)
Total Liabilities	277,601,491	315,251,917	(37,650,426)
Total Deferred Inflows of Resources	35,073,155	35,816,937	(743,782)
Net Position			
Net investment in capital assets	30,984,733	29,881,518	1,103,215
Restricted	24,750,743	28,800,497	(4,049,754)
Unrestricted	(93,438,657)	(118,167,109)	24,728,452
Total Net Position	\$ (37,703,181)	\$ (59,485,094)	\$ 21,781,913

*As restated

Changes in net position, governmental activities. The District's total revenues decreased 5.7% to \$111.4 million (See Table A-2). The decrease is due primarily to reductions in unrestricted federal and state grants.

The total cost of all programs and services decreased 24.9% to \$89.6 million. The District's expenses are predominantly related to educating and caring for students, 75.1%. The purely administrative activities of the District accounted for just 8.2% of total costs. A significant contributor to the decrease in costs was due to reductions in instruction-related costs.

BERRYESSA UNION 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	\$ 1,869,377	\$ 507,398	\$ 1,361,979
Operating grants and contributions	19,082,618	23,647,566	(4,564,948)
General Revenues:			
Property taxes	55,406,295	55,538,259	(131,964)
Federal and state aid not restricted	31,461,844	35,050,051	(3,588,207)
Other general revenues	3,575,987	3,427,496	148,491
Total Revenues	111,396,121	118,170,770	(6,774,649)
Expenses			
Instruction-related	59,050,003	82,181,885	(23,131,882)
Pupil services	8,285,868	10,359,002	(2,073,134)
Administration	7,306,625	8,110,861	(804,236)
Plant services	8,523,004	10,157,822	(1,634,818)
All other activities	6,448,708	8,505,938	(2,057,230)
Total Expenses	89,614,208	119,315,508	(29,701,300)
Increase (decrease) in net position	21,781,913	(1,144,738)	\$ 22,926,651
Total Net Position	\$ (37,703,181)	\$ (59,485,094)	

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 \$98.0 million, which is below last year's ending fund balance of \$124.3 million. The primary causes of the decreased fund balance are a deficit in the General Fund and spending down the Building Fund on capital projects.

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	\$ 9,035,590	\$ 91,156,078	\$ 105,076,149	\$ 7,864,114	\$ 2,979,633
Student Activity Fund	279,977	401,319	415,082	-	266,214
Cafeteria Fund	2,616,002	5,117,675	4,216,599	-	3,517,078
Deferred Maintenance Fund	860	2,912	-	-	3,772
Special Reserve Fund (Other Than Capital Outlay)	2,791,092	100,326	-	-	2,891,418
Special Reserve Fund (Postemployment Benefits)	1,881,102	38,573	-	(1,919,675)	-
Building Fund	79,155,285	3,830,404	16,558,124	-	66,427,565
Capital Facilities Fund	4,415,511	2,024,000	956,344	(500,000)	4,983,167
County School Facilities Fund	1,774,885	68,940	8,860	-	1,834,965
Special Reserve Fund (Capital Outlay)	9,507,555	1,107,655	102,142	(5,444,439)	5,068,629
Bond Interest and Redemption Fund	12,845,781	13,305,325	16,091,737	-	10,059,369
Foundation Private-Purpose Trust Fund	6,524	235	-	-	6,759
	\$ 124,310,164	\$ 117,153,442	\$ 143,425,037	\$ -	\$ 98,038,569

BERRYESSA UNION 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 – increased by \$0.5 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – remained consistent.
- Other non-personnel expenses – increased \$1.8 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$12.2 million, the actual results for the year show that expenditures exceeded revenues by roughly \$13.9 million. Actual revenues were \$2.0 million more than anticipated, and expenditures were \$3.7 million more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024-25 the District had acquired \$16.8 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 6 to the financial statements). Total depreciation expense for the year was \$9.0 million and amortization was \$0.1 million.

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

	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
Land	\$ 7,377,095	\$ 7,377,095	\$ -
Improvement of sites	29,306,872	31,135,977	(1,829,105)
Buildings	65,694,870	69,194,456	(3,499,586)
Equipment	4,662,880	4,570,752	92,128
Construction in progress	27,531,313	14,465,976	13,065,337
Lease assets	196,020	261,360	(65,340)
Subscription assets	105,992	184,814	(78,822)
Total	\$ 134,875,042	\$ 127,190,430	\$ 7,684,612

Long-Term Debt

At year-end the District had \$266.0 million in long-term liabilities – a decrease of 13.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

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

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

	Governmental Activities		Variance Increase (Decrease)
	2025	2024*	
General obligation bonds	\$ 175,985,278	\$ 185,955,621	\$ (9,970,343)
Energy conservation assistance loan	565,424	636,102	(70,678)
Leases	207,048	274,046	(66,998)
Compensated absences	3,854,161	3,800,919	53,242
Early retirement incentive	546,884	1,093,768	(546,884)
Other postemployment benefits	16,061,554	41,733,088	(25,671,534)
Net pension liability	68,790,634	75,431,707	(6,641,073)
Total	\$ 266,010,983	\$ 308,925,251	\$ (42,914,268)

*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-benching 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.

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.

BERRYESSA UNION SCHOOL DISTRICT

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

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

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 Berryessa Union 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, contact the Business Services Department at the Berryessa Union School District, 981 Ridder Park Drive, San Jose, California 95131.

BERRYESSA UNION SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 98,818,461
Accounts receivable	7,720,739
Inventories	293,306
Prepaid expenses	153,860
Leases receivable	1,985,642
Capital assets:	
Non-depreciable assets	34,908,408
Depreciable assets	238,436,878
Less, accumulated depreciation	(138,772,256)
Leases	326,700
Less, accumulated amortization	(130,680)
Subscription-based IT arrangements	205,266
Less, accumulated amortization	(99,274)
Total Assets	<u><u>243,847,050</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	26,315,224
Deferred outflows related to OPEB	4,809,191
Total Deferred Outflows of Resources	<u><u>31,124,415</u></u>
LIABILITIES	
Accounts payable	9,100,026
Accrued interest payable	2,517,177
Unearned revenue	(26,695)
Noncurrent liabilities:	
Due or payable within one year	7,597,119
Due in more than one year:	
Other than OPEB and pensions	173,561,676
Total OPEB liability	16,061,554
Net pension liability	68,790,634
Total Liabilities	<u><u>277,601,491</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	13,707,227
Deferred inflows related to OPEB	19,180,279
Deferred inflows related to refundings	325,541
Deferred inflows related to leases	1,860,108
Total Deferred Inflows of Resources	<u><u>35,073,155</u></u>
NET POSITION	
Net investment in capital assets	30,984,733
Restricted for:	
Capital projects	8,720,005
Debt service	10,059,369
Categorical programs	5,705,155
Student activities	266,214
Unrestricted	(93,438,657)
Total Net Position	<u><u>\$ (37,703,181)</u></u>

BERRYESSA UNION 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	\$ 51,285,786	\$ 41,205	\$ 8,053,647	\$ (43,190,934)	
Instruction-Related Services:					
Supervision of instruction	1,701,250	8	117,706	(1,583,536)	
Instructional library, media and technology	784,075	2,454	65,421	(716,200)	
School site administration	5,278,892	523	(18,837)	(5,297,206)	
Pupil Support Services:					
Home-to-school transportation	1,433,602	-	58,674	(1,374,928)	
Food services	3,905,461	82,738	4,907,271	1,084,548	
All other pupil services	2,946,805	39,583	140,556	(2,766,666)	
General Administration Services:					
Data processing services	1,644,908	15,155	33,609	(1,596,144)	
Other general administration	5,661,717	7,699	789,923	(4,864,095)	
Plant Services	8,523,004	3,014	142,056	(8,377,934)	
Ancillary Services	415,083	-	401,319	(13,764)	
Interest on Long-Term Debt	5,842,317	-	-	(5,842,317)	
Other Outgo	47,146	1,676,998	4,391,273	6,021,125	
Amortization-unallocated	144,162	-	-	(144,162)	
Total Governmental Activities	\$ 89,614,208	\$ 1,869,377	\$ 19,082,618	\$ (68,662,213)	

General Revenues:

Property taxes	55,406,295
Federal and state aid not restricted to specific purpose	31,461,844
Interest and investment earnings	2,495,118
Miscellaneous	1,080,869
 Total general revenues	 90,444,126
 Change in net position	 21,781,913
 Net position - July 1, 2024, as originally stated	 (55,923,832)
 Restatement - change in accounting principle (Note 13)	 (3,561,262)
 Net position - July 1, 2024, as restated	 (59,485,094)
 Net position - June 30, 2025	 \$ (37,703,181)

BERRYESSA UNION SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	\$ 5,078,221	\$ 71,160,519	\$ 2,457,095	\$ 9,955,430	\$ 10,167,196	\$ 98,818,461
Accounts receivable	5,998,739	665,401	55,973	103,939	896,687	7,720,739
Due from other funds	3,711,497	-	5,500,000	-	276,361	9,487,858
Inventories	226,296	-	-	-	67,010	293,306
Prepaid expenditures	153,860	-	-	-	-	153,860
Lease receivable	1,985,642	-	-	-	-	1,985,642
Total Assets	\$ 17,154,255	\$ 71,825,920	\$ 8,013,068	\$ 10,059,369	\$ 11,407,254	\$ 118,459,866
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,669,658	\$ 5,384,737	\$ -	\$ -	\$ 45,631	\$ 9,100,026
Due to other funds	5,776,361	13,618	2,944,439	-	753,440	9,487,858
Unearned revenue	(26,695)	-	-	-	-	(26,695)
Total Liabilities	9,419,324	5,398,355	2,944,439	-	799,071	18,561,189
Deferred Inflows						
	1,860,108	-	-	-	-	1,860,108
Fund Balances						
Nonspendable	405,156	-	-	-	77,010	482,166
Restricted	2,188,077	66,427,565	1,901,873	10,059,369	10,531,173	91,108,057
Assigned	3,772	-	3,166,756	-	-	3,170,528
Unassigned	3,277,818	-	-	-	-	3,277,818
Total Fund Balances	5,874,823	66,427,565	5,068,629	10,059,369	10,608,183	98,038,569
Total Liabilities, Deferred Inflows and Fund Balances	\$ 17,154,255	\$ 71,825,920	\$ 8,013,068	\$ 10,059,369	\$ 11,407,254	\$ 118,459,866

BERRYESSA UNION SCHOOL DISTRICT

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

Total Fund Balances - Governmental Funds \$ 98,038,569

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	\$ 273,345,286
Accumulated depreciation	(138,772,256)
Lease assets	326,700
Subscription assets, at historical cost	205,266
Accumulated amortization	<u>(229,954)</u>
	134,875,042

In governmental funds, deferred outflows and inflows of resources relating to pensions and other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows related to pensions and OPEB are reported. The combined deferred inflows and outflows for the period were:

Deferred outflows of resources	31,124,415
Deferred inflows of resources	<u>(32,887,506)</u>

(1,763,091)

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:

(325,541)

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

General obligation bonds payable	175,985,278
Leases	207,048
Compensated absences payable	3,854,161
Early Retirement Incentive	546,884
Energy conservation loan payable	565,424
OPEB	16,061,554
Net pension liability	<u>68,790,634</u>
	(266,010,983)

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:

(2,517,177)

Total Net Position - Governmental Activities \$ (37,703,181)

BERRYESSA UNION SCHOOL DISTRICT

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 69,591,874	\$ -	\$ -	\$ -	\$ -	\$ 69,591,874
Federal sources	2,926,405	-	-	-	1,605,423	4,531,828
Other state sources	12,640,850	-	-	57,120	3,100,238	15,798,208
Other local sources	6,138,760	3,830,404	1,107,655	13,248,205	2,906,508	27,231,532
Total Revenues	91,297,889	3,830,404	1,107,655	13,305,325	7,612,169	117,153,442
EXPENDITURES						
Current:						
Instruction	70,044,404	-	-	-	-	70,044,404
Instruction-related services:						
Supervision of instruction	2,223,769	-	-	-	-	2,223,769
Instructional library, media and technology	954,889	-	-	-	-	954,889
School site administration	7,286,997	-	-	-	-	7,286,997
Pupil support services:						
Home-to-school transportation	1,523,387	-	-	-	-	1,523,387
Food services	402,292	-	-	-	3,978,810	4,381,102
All other pupil services	5,144,077	-	-	-	-	5,144,077
Ancillary services	-	-	-	-	415,082	415,082
General administration services:						
Data processing services	1,860,963	-	-	-	-	1,860,963
Other general administration	6,763,607	-	-	-	70,195	6,833,802
Plant services	8,838,459	-	87,459	-	110,369	9,036,287
Transfers of indirect costs	(152,578)	-	-	-	152,578	-
Capital Outlay	39,840	16,501,305	14,683	-	868,106	17,423,934
Intergovernmental	46,396	-	-	-	-	46,396
Debt Service:						
Principal	79,461	56,470	-	5,762,031	1,745	5,899,707
Interest	20,186	349	-	10,329,706	-	10,350,241
Total Expenditures	105,076,149	16,558,124	102,142	16,091,737	5,596,885	143,425,037
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(13,778,260)	(12,727,720)	1,005,513	(2,786,412)	2,015,284	(26,271,595)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	5,944,439	-	-	-	-	5,944,439
Interfund transfers out	-	-	(5,444,439)	-	(500,000)	(5,944,439)
Total Other Financing Sources and Uses	5,944,439	-	(5,444,439)	-	(500,000)	-
Net Change in Fund Balances	(7,833,821)	(12,727,720)	(4,438,926)	(2,786,412)	1,515,284	(26,271,595)
Fund Balances, July 1, 2024	13,708,644	79,155,285	9,507,555	12,845,781	9,092,899	124,310,164
Fund Balances, June 30, 2025	\$ 5,874,823	\$ 66,427,565	\$ 5,068,629	\$ 10,059,369	\$ 10,608,183	\$ 98,038,569

BERRYESSA UNION 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	\$ (26,271,595)
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Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is 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, governmental funds	16,821,081
Depreciation expense	(8,992,307)
Amortization expense	<u>(144,162)</u>
Net:	7,684,612

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

5,899,707

Accrued interest on capital appreciation bonds is not recognized as an expenditure in the fund financial statements. However, it is accrued as an expense in the government-wide financial statements in the period that the interest accretes. The change in accrued interest during the year was:

3,636,155

In governmental funds, other postemployment benefit (OPEB) costs are recognized when employer contributions are made, in the statement of activities, OPEB costs are recognized on the accrual basis. This year the difference between the accrual basis OPEB costs and actual employer contributions was:

25,624,746

Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

546,884

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 over the life of the debt. Amortization of the premium for the period is:

572,157

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 charges are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the debt. The difference between current year amounts and the current year amortization is:

27,128

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

3,842,876

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

272,485

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This year the difference between vacation leave earned and the amounts used was:

(53,242)

Change in Net Position of Governmental Activities	<u><u>\$ 21,781,913</u></u>
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BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Berryessa Union 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 fiduciary funds (and blended component units). Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

BERRYESSA UNION 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 Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects, and a Special Reserve Fund for Postemployment Benefits which do not meet the definition of a special revenue fund as they are not primarily composed of restricted or committed revenue sources. Because these funds do not meet the definition of a special revenue fund under GASB 54, the activity in the funds is being reported within the General Fund.

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

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.

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).

Scholarship Fund: This fund may be used to report formal arrangements under which principal and interest benefit other individuals, private organizations, or other governments. This fund was established to account for funds received and held with the purpose of providing scholarships but does not meet the definition to be considered a fiduciary fund.

BERRYESSA UNION 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)

Non-Major Governmental Funds (continued)

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.).

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

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.

BERRYESSA UNION 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.

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 and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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.

BERRYESSA UNION 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)

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

Description	Estimated Lives
Buildings and Improvements	5-40 years
Furniture and Equipment	5-40 years
Vehicles	5-40 years

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.

BERRYESSA UNION 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)

7. Leases (continued)

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.

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.

BERRYESSA UNION 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

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.

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.

BERRYESSA UNION 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)

12. Net Position (continued)

- **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

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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 Board of Education has provided otherwise in its commitment or assignment actions.

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 \$3,561,262.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental Funds/Activities	<u>\$ 98,818,461</u>
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Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 267,021
Cash in revolving fund	35,000
Investments	<u>98,516,440</u>
Total Deposits and Investments	<u>\$ 98,818,461</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Santa Clara 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 Santa Clara 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 Santa Clara County Treasurer, which is recorded on the amortized basis.

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, \$72,627 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 authorizes the district's chief fiscal officer to invest and reinvest any surplus monies not required for the immediate necessities of the district on behalf of the district. The investment objectives shall be to first safeguard the principal of the funds, then to meet the district's liquidity needs and, third, to achieve a return on the funds. The District's investment policy does not limit investment maturities. Maturities of investments held at June 30, 2025, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
Santa Clara County Investment Pool	<u>\$ 98,516,440</u>	<u>\$ 98,516,440</u>	<u>\$ -</u>	Uncategorized	N/A

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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 did not have any investments outside of the County Treasury investment pool.

Fair Value Measurements

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

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

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

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that 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 Santa Clara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 3 – RECEIVABLES

A. Accounts Receivables

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

	Governmental Funds						Non-Major Governmental Funds	Total
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund				
Federal Government:								
Categorical aid programs	\$ 1,596,996	\$ -	\$ -	\$ -			\$ 240,891	\$ 1,837,887
State Government:								
Lottery	1,454,742	-	-	-			-	1,454,742
Categorical aid programs	1,944,232	-	-	-			526,602	2,470,834
Local:								
Interest	262,639	665,401	55,973	103,939			122,434	1,210,386
Other local	740,130	-	-	-			6,760	746,890
Total	<u>\$ 5,998,739</u>	<u>\$ 665,401</u>	<u>\$ 55,973</u>	<u>\$ 103,939</u>			<u>\$ 896,687</u>	<u>\$ 7,720,739</u>

B. Leases Receivables

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for various real property leases. The District used either the stated interest rate or the State's incremental borrowing rate, (0.9% for leases under ten years and 1.5% for leases over ten years), to discount the lease revenue to the net present value. For the fiscal year ended June 30, 2025, the District reported lease revenue of \$928,159 interest revenue of \$29,498. These leases have initial terms that range from five to twenty-five years. There are no variable payments not considered in the measurement of the lease receivable and the District has not issued debt for which the principal and interest payments are secured by the lease payments. Measurement policies and key estimates related to leases can be found in Note 1.D.

The annual payments receivable as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	959,386	23,783	983,169
2026-2027	200,418	17,775	218,193
2027-2028	82,477	13,045	95,522
2028-2029	25,746	11,150	36,896
2029-2030	27,239	10,764	38,003
2030-2035	160,602	47,215	207,817
2035-2040	207,091	33,825	240,916
2040-2045	262,602	16,686	279,288
2045-2046	60,081	901	60,982
Totals	<u>\$ 1,985,642</u>	<u>\$ 175,144</u>	<u>\$ 2,160,786</u>

As of June 30, 2025, deferred inflows associated with the leases was \$1,860,108.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 – INTERFUND TRANSACTIONS

Balances Due To/From Other Funds

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

	Due from Other Funds				
	General Fund	Special Reserve Fund for Capital Outlay Projects		Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 5,500,000	\$ 276,361	\$ 5,776,361	
Building Fund	13,618	-	-	13,618	
Special Reserve Fund for Capital Outlay Projects	2,944,439	-	-	2,944,439	
Non-major Funds	753,440	-	-	753,440	
Totals	\$ 3,711,497	\$ 5,500,000	\$ 276,361	\$ 9,487,858	
General Fund due to Special Reserve Fund for Capital Outlay Projects for temporary cash borrowing			\$ 5,500,000		
General Fund due to Cafeteria Fund to correct deposit entered in wrong fund			276,361		
Cafeteria Fund due to General Fund for OPEB, indirect costs, PERS, and expense reimbursement			199,895		
Building Fund due to General Fund for OPEB and general expense reimbursement			13,618		
Capital Facilities Fund due to General Fund for school consolidation and general expenses			553,545		
Special Reserve Fund for Capital Outlay Projects due to General Fund to move RDA funds			2,944,439		
Total			\$ 9,487,858		

Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2025, consisted of the following:

Special Reserve Fund for Capital Outlay Projects transfer to General Fund to move RDA funds	\$ 5,444,439
Capital Facilities Fund transfer to General Fund for school consolidation expenses	500,000
Total	\$ 5,944,439

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 5 – FUND BALANCES

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	\$ 25,000	\$ -	\$ -	\$ -	\$ 10,000	\$ 35,000
Stores inventories	226,296	-	-	-	67,010	293,306
Prepaid expenditures	153,860	-	-	-	-	153,860
Total Nonspendable	405,156	-	-	-	77,010	482,166
Restricted:						
Categorical programs	2,188,077	-	-	-	-	2,188,077
Student activities	-	-	-	-	266,214	266,214
Food service program	-	-	-	-	3,440,068	3,440,068
Capital projects	-	66,427,565	1,901,873	-	6,818,132	75,147,570
Debt service	-	-	-	10,059,369	-	10,059,369
Scholarships	-	-	-	-	6,759	6,759
Total Restricted	2,188,077	66,427,565	1,901,873	10,059,369	10,531,173	91,108,057
Assigned:						
Other assignments	-	-	3,166,756	-	-	3,166,756
Deferred maintenance program	3,772	-	-	-	-	3,772
Total Assigned	3,772	-	3,166,756	-	-	3,170,528
Unassigned:						
Reserve for economic uncertainties	3,277,818	-	-	-	-	3,277,818
Total Unassigned	3,277,818	-	-	-	-	3,277,818
Total	\$ 5,874,823	\$ 66,427,565	\$ 5,068,629	\$ 10,059,369	\$ 10,608,183	\$ 98,038,569

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – 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	\$ 7,377,095	\$ -	\$ -	\$ 7,377,095
Construction in progress	14,465,976	13,933,477	868,140	27,531,313
Total capital assets not being depreciated	<u>21,843,071</u>	<u>13,933,477</u>	<u>868,140</u>	<u>34,908,408</u>
Capital assets being depreciated:				
Improvement of sites	68,386,087	1,616,796	-	70,002,883
Buildings	156,047,702	1,126,495	-	157,174,197
Equipment	10,247,345	1,012,453	-	11,259,798
Total capital assets being depreciated	<u>234,681,134</u>	<u>3,755,744</u>	<u>-</u>	<u>238,436,878</u>
Accumulated depreciation for:				
Improvement of sites	(37,250,110)	(3,445,901)	-	(40,696,011)
Buildings	(86,853,246)	(4,626,081)	-	(91,479,327)
Equipment	(5,676,593)	(920,325)	-	(6,596,918)
Total accumulated depreciation	<u>(129,779,949)</u>	<u>(8,992,307)</u>	<u>-</u>	<u>(138,772,256)</u>
Total capital assets being depreciated, net	<u>104,901,185</u>	<u>(5,236,563)</u>	<u>-</u>	<u>99,664,622</u>
Lease assets:				
Equipment leases	326,700	-	-	326,700
Accumulated amortization for:				
Equipment leases	(65,340)	(65,340)	-	(130,680)
Total leased assets, net	<u>261,360</u>	<u>(65,340)</u>	<u>-</u>	<u>196,020</u>
Subscription assets:				
IT Subscriptions	280,803	-	75,537	205,266
Accumulated amortization for:				
IT Subscriptions	(95,989)	(78,822)	(75,537)	(99,274)
Total subscriptions, net	<u>184,814</u>	<u>(78,822)</u>	<u>-</u>	<u>105,992</u>
Governmental Activity Capital Assets, Net	<u>\$ 127,190,430</u>	<u>\$ 8,552,752</u>	<u>\$ 868,140</u>	<u>\$ 134,875,042</u>

Depreciation expense is allocated to the following functions in the Statement of Activities:

Governmental Activities:

Instruction	\$ 6,747,913
Supervision of instruction	363,746
Instructional library, media and technology	97,597
School site administration	727,242
Home-to-school transportation	97,441
Food services	387,002
Data processing services	150,559
All other general administration	<u>420,807</u>
 Total Depreciation Expense	 <u>\$ 8,992,307</u>

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – 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	\$ 166,023,723	\$ -	\$ 5,762,031	\$ 160,261,692	\$ 3,915,602
Accreted Interest	10,401,572	706,815	4,342,970	6,765,417	2,444,398
Unamortized Issuance Premium	9,530,326	-	572,157	8,958,169	572,157
Total G.O. Bonds	<u>185,955,621</u>	<u>706,815</u>	<u>10,677,158</u>	<u>175,985,278</u>	<u>6,932,157</u>
Leases	274,046	-	66,998	207,048	70,959
Compensated Absences:					
Vacation liability	239,657	-	44,911	194,746	-
Sick time*	3,561,262	98,153	-	3,659,415	-
Early Retirement Incentive	1,093,768	-	546,884	546,884	546,884
Direct Borrowings:					
Energy Conservation Assistance Loan	636,102	-	70,678	565,424	47,119
Totals	<u>\$ 191,760,456</u>	<u>\$ 804,968</u>	<u>\$ 11,406,629</u>	<u>\$ 181,158,795</u>	<u>\$ 7,597,119</u>

*As restated for implementation of GASB 101

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the early retirement incentive are made from the General Fund. Payments for the energy conservation loan are made from the General Fund and the Building Fund. Payments for leases are made by the General Fund, Cafeteria Fund, and Building Fund. Additions and deductions for compensated absences are reported net of their cumulative change in the current year.

A. General Obligation Bonds

Election of 1999

On November 2, 1999, the voters of the District approved a measure by more than a two-thirds vote authorizing the District to issue up to \$48 million of general obligation bonds to finance the repair and renovation of schools.

Election of 2014

Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, at which the requisite 55% or more of the persons voting on a proposition voted to authorize the issuance and sale of \$77 million aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay the costs of issuing the Bonds.

Election of 2020

On March 3, 2020, the voters of the District approved Measure U by more than a 55% vote, authorizing the District to issue up to \$98 million of general obligation bonds. The bonds are being issued to repair/update local elementary/middle schools, including science, arts and math classrooms/labs for 21st-century learning; make essential safety and security improvements; replace aging fire alarms; and repair, construct, or acquire classrooms and equipment.

On September 8, 2022, the District issued Series 2020B and 2020B-1 current interest bonds in the amounts of \$40,600,000 and \$17,400,000 respectively. Series 2020B was issued as tax-exempt bonds and 2020B-1 was issued a federally taxable bonds.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

The bonds represent general obligations of the District, payable from the proceeds of an ad valorem property tax, which the Board of Supervisors of Santa Clara County is empowered and is obligated to levy upon all property within the District subject to taxation.

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of refunding bonds in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. As of June 30, 2025, none of the defeased bonds remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow or inflow 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, deferred amounts on refunding were \$325,541.

A summary of all bonds issued and outstanding at June 30, 2025, follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2024			Balance, June 30, 2025	
						Additions	Deductions		
1999A	6/1/2000	2/1/2025	4.35%-6.2%	11,998,182	\$ 582,113	\$ -	\$ 582,113	\$ -	\$ -
1999B	7/1/2001	8/1/2026	4.0%-5.63%	17,999,707	1,436,032	-	493,777	942,255	
1999C	6/3/2003	2/1/2028	2.0%-5.26%	18,000,142	2,540,578	-	541,141	1,999,437	
2014A	2/26/2014	8/1/2044	3.125%-5.0%	40,000,000	20,050,000	-	400,000	19,650,000	
2014B	5/1/2017	8/1/2044	4.0%-5.0%	37,000,000	31,830,000	-	685,000	31,145,000	
2020A	12/15/2020	8/1/2051	2.0%-5.0%	40,000,000	39,200,000	-	-	39,200,000	
2020B	9/8/2022	8/1/2040	4.0%-5.0%	40,600,000	38,155,000	-	2,500,000	35,655,000	
2020B-1	9/8/2022	8/1/2040	3.61%-5.00%	17,400,000	16,950,000	-	410,000	16,540,000	
2024 Ref.	5/7/2024	8/1/2036	5.00%	15,280,000	15,280,000	-	150,000	15,130,000	
				Totals	\$ 166,023,723	\$ -	\$ 5,762,031	\$ 160,261,692	
<hr/>									
<u>Accrued Interest</u>									

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements
June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

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

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 3,915,602	\$ 8,415,594	\$ 12,331,196
2026-2027	4,096,118	8,389,857	12,485,975
2027-2028	4,524,974	8,185,188	12,710,162
2028-2029	4,005,000	5,482,911	9,487,911
2029-2030	4,505,000	5,277,454	9,782,454
2030-2035	30,885,000	22,686,386	53,571,386
2035-2040	48,685,000	14,208,338	62,893,338
2040-5045	42,345,000	5,085,537	47,430,537
2045-2050	14,000,000	1,110,969	15,110,969
2050-2052	3,299,998	35,062	3,335,060
Totals	<u>\$ 160,261,692</u>	<u>\$ 78,877,296</u>	<u>\$ 239,138,988</u>

B. Leases

The District was involved in several leases for copiers. The initial terms for these leases was 60 months. There were 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 lease 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 6.

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 70,959	\$ 10,481	\$ 81,440
2026-2027	75,228	6,212	81,440
2027-2028	60,861	1,659	62,520
Totals	<u>\$ 207,048</u>	<u>\$ 18,352</u>	<u>\$ 225,400</u>

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

C. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2025, for these obligations are shown below.

Fiscal Year	Payment
2025-2026	\$ 546,884

D. Direct Borrowings

Energy Conservation Assistance Loan

In May 2017 the District was approved for an Energy Conservation Assistance Act zero percent interest loan, which is considered a direct borrowing. The loan was approved for a maximum of \$911,000 to be disbursed on a reimbursement basis based on invoices submitted by the District to the Energy Resources Conservation and Development Commission. The District incurred \$848,134 of reimbursable expenses and received a disbursement for this amount on December 26, 2018. In the event of default, the Energy Commission may declare the loan immediately due and payable.

Future yearly payments on this loan are as follows:

Fiscal Year	Principal
2025-2026	\$ 47,119
2026-2027	47,119
2027-2028	47,119
2028-2029	47,119
2029-2030	47,119
2030-2035	235,593
2035-2037	<u>94,236</u>
Total	<u>\$ 565,424</u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 15,817,323	\$ 4,809,191	\$ 19,180,279	\$ (24,615,298)
MPP Program	244,231	-	-	(35,295)
Total	<u>\$ 16,061,554</u>	<u>\$ 4,809,191</u>	<u>\$ 19,180,279</u>	<u>\$ (24,650,593)</u>

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

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

Certificated (and management employees hired into a management position on or after 7/1/2010) who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium. If the employee had at least 20 years of service, dental and vision coverage for the retired employee is included. If the employee had at least 30 years of service, the employee's spouse is also covered for medical, dental and vision benefits. Certificated employees must be continuously employed prior to June 30, 2015. All these benefits cease when the retired employee reaches the age of 65.

Management employees. The maximum monthly benefit paid to retired management employees (age 55 and 5 consecutive years in management position) is \$1,100. Management employees must be hired before July 1, 2010, to be eligible for benefits. Employees promoted into a Management position after July 1, 2010, without interruption in service will be eligible for the early retirement which is provided to employees in the bargaining unit from which he/she was promoted.

Classified employees (CSEA) hired before 7/1/2007 who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium (Kaiser premium amount is fixed at the time of retirement). If hired before 7/1/2007 and retiring with at least 20 years of service, or if hired after 1/1/2002 and retiring with at least 30 years of service, dental and vision coverage for the retired employee are included (all premium amounts are fixed at the time of retirement). If the employee was hired before 2002 and had at least 30 years of service, the employee's spouse is also covered for medical, dental and vision benefits (total benefits not to exceed the Kaiser two-party rate); in this case, premium amounts are not fixed at the time of retirement.

All these benefits cease when the retired employee reaches age 65. All benefits are pro-rated based on the number of hours worked if the employee was working part-time at the time of retirement.

Teamster employees hired before 7/1/2007 who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium. The rate cap is increased by 5% on the first two, January 1sts after retirement and remains unchanged thereafter. If hired before 7/1/2007 and retiring with at least 20 years of service, dental and vision coverage for the retired employee are included (rate caps are increased by 5% on the first two January 1sts after retirement and remain unchanged thereafter).

If the employee was hired before 7/1/2007 and had at least 30 years of service, the benefit payable is (1) medical coverage for the employee and spouse (not to exceed the Kaiser two-party rate, fixed at the time of retirement), and (2) employee-only dental and vision. All these benefits cease when the retired employee reaches the age of 65.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Retiree Contributions: Retirees pay all amounts in excess of the District's payments.

Lump Sum Option: In lieu of receiving the benefits described above, a retiring employee may choose to receive a lump sum equal to \$500 multiplied by the number of years of service (not to exceed 30 years).

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	28
Active employees	246
Total	274

Total OPEB Liability

The District's total OPEB liability of \$15,817,323 for the Plan was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 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	June 30, 2024
Inflation	2.75 percent
Salary increases	3.00 percent
Healthcare cost trend rates	4.00 percent

Discount Rate

Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The District has chosen to use the "S&P Municipal Bond 20-Year High Grade Rate Index" as its 20-year bond rate. That Index was 4.21% at June 30, 2024.

Mortality Rates

Mortality rates are taken from the 2021 CalPERS valuation, projected to future years using the ultimate rates from projection scale MP-2020, for classified and Teamsters employees, and from the 2020 CalSTRS valuation, for certificated and management employees.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	\$ 41,453,562
Changes for the year:	
Service cost	1,867,574
Interest	1,688,851
Changes of benefit terms	(24,982,613)
Differences between expected and actual experience	(2,974,136)
Changes of assumptions	(113,341)
Benefit payments	(1,122,574)
Net changes	(25,636,239)
Balance at June 30, 2024	\$ 15,817,323

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	\$ 14,299,364
Current discount rate	\$ 15,817,323
1% increase	\$ 14,474,718

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	\$ 14,267,404
Current trend rate	\$ 15,817,323
1% increase	\$ 17,597,362

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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 \$(24,615,298). 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	\$ -	\$ 9,784,971
Changes of assumptions	4,055,953	9,395,308
District contributions subsequent to the measurement date of the net OPEB liability	<u>753,238</u>	-
Total	<u>\$ 4,809,191</u>	<u>\$ 19,180,279</u>

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	\$ (3,189,110)	
2027	(3,189,110)	
2028	(3,189,106)	
2029	(2,267,246)	
2030	(2,285,762)	
Thereafter	<u>(1,003,992)</u>	
Total	<u>\$ (15,124,326)</u>	

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>.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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 the 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 \$244,231 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		
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	Change Increase/ (Decrease)
	Measurement Date	June 30, 2024	June 30, 2023
Proportion of the Net OPEB Liability	0.091627%	0.092120%	-0.000493%

For the year ended June 30, 2025, the District reported OPEB expense of \$(35,295).

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – 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.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – 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:

		MPP OPEB
Discount Rate		Liability
	1% decrease	\$ 263,519
	Current discount rate	\$ 244,231
	1% increase	\$ 227,271

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:

		MPP OPEB
Medicare Cost Trend Rates		Liability
	1% decrease	\$ 226,254
	Current trend rate	\$ 244,231
	1% increase	\$ 264,302

NOTE 9 – 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	\$ 42,185,026	\$ 15,346,524	\$ 8,873,878	\$ 1,921,651
CalPERS	26,605,608	10,968,700	4,833,349	4,467,210
Total	<u>\$ 68,790,634</u>	<u>\$ 26,315,224</u>	<u>\$ 13,707,227</u>	<u>\$ 6,388,861</u>

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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 the 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	
	On or before	On or after
Hire Date	December 31, 2012	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%

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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 \$7,890,889.

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:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 42,185,026
State's proportionate share of the net pension liability associated with the District	<u>19,354,635</u>
Total	<u>\$ 61,539,661</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		
	Fiscal Year	Fiscal Year	Change
	Ending	Ending	Increase/ (Decrease)
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.062810%	0.062280%	0.000530%

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,921,651. In addition, the District recognized pension expense and revenue of \$(1,849,232) 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	\$ 7,890,889	\$ -
Net change in proportionate share of net pension liability	2,499,304	3,977,844
Difference between projected and actual earnings on pension plan investments	-	170,215
Changes of assumptions	184,661	2,881,091
Differences between expected and actual experience	4,771,670	1,844,728
Total	<u>\$ 15,346,524</u>	<u>\$ 8,873,878</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. 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	\$ 923,522	\$ 3,788,124
2027	4,101,197	959,165
2028	778,552	1,221,860
2029	772,978	1,414,058
2030	724,354	944,240
Thereafter	155,032	546,431
Total	<u>\$ 7,455,635</u>	<u>\$ 8,873,878</u>

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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, 2022, 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, 2022
Experience Study	July 1, 2015, through June 30, 2018
Actuarial Cost Method	Entry age normal
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.

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%

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, 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%)	\$	75,033,358
Current discount rate (7.10%)	\$	42,185,026
1% increase (8.10%)	\$	14,755,306

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 \$3,908,094.

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>.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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 members' 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)	
Hire Date	On or before December 31, 2012	On or after January 1, 2013
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 \$4,190,066.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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 \$26,605,608. 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		
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	Change Increase/ (Decrease)
	Measurement Date	June 30, 2024	June 30, 2023
Proportion of the Net Pension Liability	0.074445%	0.077347%	-0.002902%

For the year ended June 30, 2025, the District recognized pension expense of \$4,467,210. 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	\$ 4,190,066	\$ -
Net change in proportionate share of net pension liability	2,840	1,719,179
Difference between projected and actual earnings on pension plan investments	3,957,229	2,923,755
Changes of assumptions	588,074	-
Differences between expected and actual experience	2,230,491	190,415
Total	\$ 10,968,700	\$ 4,833,349

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.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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	\$ 3,425,981	\$ 2,726,397
2027	2,765,411	837,372
2028	587,242	742,321
2029	-	527,259
2030	-	-
Thereafter	-	-
Total	<u>\$ 6,778,634</u>	<u>\$ 4,833,349</u>

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.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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%)	\$	39,522,853
Current discount rate (6.9%)	\$	26,605,608
1% increase (7.9%)	\$	15,934,936

C. Social Security

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 Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2025, the District reported payables of \$9,395 and \$4,428 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2025.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – JOINT VENTURES

The District is a member with other school districts in three joint powers agencies for common risk management and insurance related to workers' compensation, property/liability and health care, South Bay Area Schools Insurance Authority (SBASIA), Santa Clara County School Insurance Group (SCCSIG) and Schools Excess Liability Fund (SELF). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District is also a member with other school districts in East Valley Schools Transportation Agency (EVSTA), a joint powers authority that provides bus services to member districts. There have been no significant reductions in the level of insurance coverage from the prior year. The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes. Financial information is available from the respective entities.

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 commitments with respect to unfinished capital projects of approximately \$22.5 million to be paid from local funds.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2025.

NOTE 12 – 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 SBASIA 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 the fiscal year 2024-25, the District participated in the Public Entity Protected Insurance Program (PEPIP), an insurance purchasing pool. The purpose of the PEPIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the JPA.

BERRYESSA UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 12 – RISK MANAGEMENT (continued)

Workers' Compensation (continued)

Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to districts that can meet the JPA selection criteria. The firm of Keenan & Associates provides administrative, cost control, and actuarial services to the JPA.

NOTE 13 - 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 Activities were restated as follows:

	Statement of Activities
Net position - July 1, 2024, as originally stated	\$ (55,923,832)
Implementation of GASB 101	<u>(3,561,262)</u>
Net position - July 1, 2024, as restated	<u>\$ (59,485,094)</u>

Required Supplementary Information

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

	Budgeted Amounts		Actual		Variance with Final Budget -
	Original	Final	(Budgetary Basis)		Pos (Neg)
Revenues					
LCFF Sources	\$ 69,245,594	\$ 69,200,867	\$ 69,591,874	\$ 391,007	
Federal Sources	2,752,691	2,765,439	2,926,405	160,966	
Other State Sources	11,326,641	11,312,419	12,640,850	1,328,431	
Other Local Sources	5,381,860	5,881,828	5,996,949	115,121	
Total Revenues	88,706,786	89,160,553	91,156,078	1,995,525	
Expenditures					
Current:					
Certificated Salaries	43,277,650	43,251,986	43,600,309	(348,323)	
Classified Salaries	13,817,815	13,970,762	14,125,155	(154,393)	
Employee Benefits	29,132,938	29,031,760	30,092,061	(1,060,301)	
Books and Supplies	1,659,013	2,094,760	1,933,622	161,138	
Services and Other Operating Expenditures	11,746,911	12,909,502	15,049,403	(2,139,901)	
Capital Outlay	-	152,561	282,135	(129,574)	
Other Outgo	(62,909)	(56,278)	(6,536)	(49,742)	
Total Expenditures	99,571,418	101,355,053	105,076,149	(3,721,096)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,864,632)	(12,194,500)	(13,920,071)	(1,725,571)	
Other Financing Sources and Uses					
Interfund Transfers In	6,204,867	6,204,807	7,864,114	1,659,307	
Net Change in Fund Balance	(4,659,765)	(5,989,693)	(6,055,957)	(66,264)	
Fund Balances, July 1, 2024	7,292,201	9,035,590	9,035,590	-	
Fund Balances, June 30, 2025	\$ 2,632,436	\$ 3,045,897	2,979,633	\$ (66,264)	
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:					
Deferred Maintenance Fund			3,772		
Special Reserve Fund for Other Than Capital Outlay Projects			2,891,418		
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	\$ 5,874,823				

BERRYESSA UNION 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	2024-25	2023-24	2022-23	2021-22	2020-21
	2023-24	2022-23	2021-22	2020-21	2019-20
District's proportion of the net pension liability	0.0628%	0.0623%	0.0650%	0.0685%	0.0670%
District's proportionate share of the net pension liability	\$ 42,185,026	\$ 47,433,014	\$ 45,193,915	\$ 31,194,360	\$ 64,905,834
State's proportionate share of the net pension liability associated with the District	19,354,635	22,726,491	22,632,936	15,695,792	33,458,965
Totals	\$ 61,539,661	\$ 70,159,505	\$ 67,826,851	\$ 46,890,152	\$ 98,364,799
District's covered payroll	\$ 40,986,303	\$ 38,878,066	\$ 36,990,535	\$ 35,113,936	\$ 36,310,152
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.92%	122.00%	122.18%	88.84%	178.75%
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	2017-18	2016-17	2015-16
	2018-19	2017-18	2016-17	2015-16	2014-15
District's proportion of the net pension liability	0.0644%	0.0653%	0.0618%	0.0630%	0.0660%
District's proportionate share of the net pension liability	\$ 58,183,792	\$ 60,048,018	\$ 57,184,276	\$ 50,955,030	\$ 44,302,000
State's proportionate share of the net pension liability associated with the District	31,743,143	34,380,299	33,829,656	29,012,060	23,430,811
Totals	\$ 89,926,935	\$ 94,428,317	\$ 91,013,932	\$ 79,967,090	\$ 67,732,811
District's covered payroll	\$ 34,806,505	\$ 34,923,243	\$ 33,012,273	\$ 31,623,234	\$ 30,543,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	167.16%	171.94%	173.22%	161.13%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

BERRYESSA UNION 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	0.0744%	0.0773%	0.0806%	0.0813%	0.0824%
District's proportionate share of the net pension liability	\$ 26,605,608	\$ 27,998,693	\$ 27,720,029	\$ 16,531,140	\$ 25,279,774
District's covered payroll	\$ 15,481,612	\$ 14,248,297	\$ 13,387,962	\$ 13,629,278	\$ 13,432,402
District's proportionate share of the net pension liability as a percentage of its covered payroll	171.85%	196.51%	207.05%	121.29%	188.20%
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	0.0819%	0.0831%	0.0822%	0.0816%	0.0800%
District's proportionate share of the net pension liability	\$ 23,880,969	\$ 22,158,788	\$ 19,614,831	\$ 16,115,050	\$ 11,818,000
District's covered payroll	\$ 12,972,916	\$ 13,005,730	\$ 12,774,590	\$ 12,533,798	\$ 8,876,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	184.08%	170.38%	153.55%	128.57%	133.15%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Pension Contributions-CalSTRS

For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 7,890,889	\$ 7,828,384	\$ 7,425,711	\$ 6,258,798	\$ 6,004,483
Contributions in relation to the contractually required contribution	<u>7,890,889</u>	<u>7,828,384</u>	<u>7,425,711</u>	<u>6,258,798</u>	<u>6,004,483</u>
Contribution deficiency (excess):	<u>\$ -</u>				
District's covered payroll	\$ 41,313,554	\$ 40,986,303	\$ 38,878,066	\$ 36,990,535	\$ 36,990,535
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.23%</u>
Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	\$ 6,209,036	\$ 5,666,499	\$ 5,039,424	\$ 4,152,944	\$ 3,393,173
Contributions in relation to the contractually required contribution	<u>6,209,036</u>	<u>5,666,499</u>	<u>5,039,424</u>	<u>4,152,944</u>	<u>3,393,173</u>
Contribution deficiency (excess):	<u>\$ -</u>				
District's covered payroll	\$ 35,113,936	\$ 36,310,152	\$ 34,923,243	\$ 33,012,273	\$ 31,623,234
Contributions as a percentage of covered payroll	<u>17.68%</u>	<u>15.61%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

BERRYESSA UNION SCHOOL DISTRICT*Schedule of Pension Contributions-CalPERS**For the Fiscal Year Ended June 30, 2025**Last Ten Fiscal Years*

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 4,190,066	\$ 4,130,494	\$ 3,614,793	\$ 3,067,182	\$ 2,687,830
Contributions in relation to the contractually required contribution	<u>4,190,066</u>	<u>4,130,494</u>	<u>3,614,793</u>	<u>3,067,182</u>	<u>2,687,830</u>
Contribution deficiency (excess):	<u>\$ -</u>				
District's covered payroll	\$ 15,490,078	\$ 15,481,612	\$ 14,248,297	\$ 13,387,962	\$ 13,387,962
Contributions as a percentage of covered payroll	<u>27.05%</u>	<u>26.68%</u>	<u>25.37%</u>	<u>22.91%</u>	<u>20.08%</u>
Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	\$ 2,649,004	\$ 2,343,168	\$ 2,019,920	\$ 1,774,135	\$ 1,484,879
Contributions in relation to the contractually required contribution	<u>2,649,004</u>	<u>2,343,168</u>	<u>2,019,920</u>	<u>1,774,135</u>	<u>1,484,879</u>
Contribution deficiency (excess):	<u>\$ -</u>				
District's covered payroll	\$ 13,629,278	\$ 13,432,402	\$ 13,005,730	\$ 12,774,590	\$ 12,533,798
Contributions as a percentage of covered payroll	<u>19.44%</u>	<u>17.44%</u>	<u>15.53%</u>	<u>13.89%</u>	<u>11.85%</u>

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios 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
Total OPEB liability				
Service cost	\$ 1,867,574	\$ 1,830,662	\$ 3,077,881	\$ 2,647,194
Interest	1,688,851	1,588,961	1,151,205	1,228,906
Changes of benefit terms	(24,982,613)	-	-	-
Differences between expected and actual experience	(2,974,136)	-	(4,014,313)	-
Changes of assumptions or other inputs	(113,341)	(233,941)	(13,038,178)	3,883,470
Benefit payments	(1,122,574)	(1,164,033)	(1,104,488)	(1,198,473)
Net change in total OPEB liability	(25,636,239)	2,021,649	(13,927,893)	6,561,097
Total OPEB liability - beginning	41,453,562	39,431,913	53,359,806	46,798,709
Total OPEB liability - ending	\$ 15,817,323	\$ 41,453,562	\$ 39,431,913	\$ 53,359,806
Covered payroll	\$ 57,284,325	\$ 53,784,366	\$ 51,562,267	\$ 51,523,385
Total OPEB liability as a percentage of covered payroll				
	27.61%	77.07%	76.47%	103.56%
Employer's Fiscal Year Measurement Period	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability				
Service cost	\$ 2,869,561	\$ 2,663,472	\$ 2,587,815	\$ 2,758,118
Interest	1,408,417	1,374,906	1,396,237	1,209,410
Differences between expected and actual experience	(9,581,423)	-	(2,405,852)	-
Changes of assumptions or other inputs	2,206,515	1,437,696	1,038,550	(2,753,251)
Benefit payments	(1,170,488)	(1,095,434)	(1,078,971)	(1,388,473)
Net change in total OPEB liability	(4,267,418)	4,380,640	1,537,779	(174,196)
Total OPEB liability - beginning	51,066,127	46,685,487	45,147,708	45,321,904
Total OPEB liability - ending	\$ 46,798,709	\$ 51,066,127	\$ 46,685,487	\$ 45,147,708
Covered payroll	\$ 47,462,959	\$ 48,200,383	\$ 46,511,882	\$ 45,360,521
Total OPEB liability as a percentage of covered payroll				
	98.60%	105.95%	100.37%	99.53%

* 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.

BERRYESSA UNION SCHOOL DISTRICT

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

Last Ten Fiscal Years*

Employer's Fiscal Year Measurement Period	2023-24 2022-23	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21
District's proportion of net OPEB liability	0.0916%	0.0921%	0.0976%	0.1030%
District's proportionate share of net OPEB liability	\$ 244,231	\$ 279,526	\$ 321,546	\$ 410,978
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	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.1015%	0.0996%	0.1027%	0.0984%
District's proportionate share of net OPEB liability	\$ 430,151	\$ 370,792	\$ 393,270	\$ 414,038
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.*

BERRYESSA UNION SCHOOL DISTRICT

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United 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 either 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 4.13 percent to 4.21 percent since the previous valuation.

BERRYESSA UNION 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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BERRYESSA UNION SCHOOL DISTRICT

Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2025

	Student Activities Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Foundation Private-Purpose Trust Fund	Total Non-Major Governmental Funds
ASSETS						
Deposits and investments	\$ 266,214	\$ 2,589,620	\$ 5,498,477	\$ 1,806,214	\$ 6,671	\$ 10,167,196
Accounts receivable	-	802,496	65,352	28,751	88	896,687
Due from other funds	-	276,361	-	-	-	276,361
Inventories	-	67,010	-	-	-	67,010
Total Assets	\$ 266,214	\$ 3,735,487	\$ 5,563,829	\$ 1,834,965	\$ 6,759	\$ 11,407,254
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 18,514	\$ 27,117	\$ -	\$ -	\$ 45,631
Due to other funds	-	199,895	553,545	-	-	753,440
Total Liabilities	-	218,409	580,662	-	-	799,071
Fund Balances						
Nonspendable	-	77,010	-	-	-	77,010
Restricted	266,214	3,440,068	4,983,167	1,834,965	6,759	10,531,173
Total Fund Balances	266,214	3,517,078	4,983,167	1,834,965	6,759	10,608,183
Total Liabilities and Fund Balances	\$ 266,214	\$ 3,735,487	\$ 5,563,829	\$ 1,834,965	\$ 6,759	\$ 11,407,254

BERRYESSA UNION SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2025

	Student Activities Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Foundation Private-Purpose Trust Fund	Total Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 1,605,423	\$ -	\$ -	\$ -	\$ 1,605,423
Other state sources	-	3,100,238	-	-	-	3,100,238
Other local sources	401,319	412,014	2,024,000	68,940	235	2,906,508
Total Revenues	401,319	5,117,675	2,024,000	68,940	235	7,612,169
EXPENDITURES						
Current:						
Pupil support services:						
Food services	-	3,978,810	-	-	-	3,978,810
Ancillary services	415,082	-	-	-	-	415,082
General administration services:						
Other general administration	-	-	70,195	-	-	70,195
Plant services	-	83,466	26,903	-	-	110,369
Transfers of indirect costs	-	152,578	-	-	-	152,578
Capital outlay	-	-	859,246	8,860	-	868,106
Debt service:						
Principal	-	1,745	-	-	-	1,745
Total Expenditures	415,082	4,216,599	956,344	8,860	-	5,596,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,763)	901,076	1,067,656	60,080	235	2,015,284
OTHER FINANCING SOURCES (USES)						
Interfund transfers out	-	-	(500,000)	-	-	(500,000)
Net Change in Fund Balances	(13,763)	901,076	567,656	60,080	235	1,515,284
Fund Balances, July 1, 2024	279,977	2,616,002	4,415,511	1,774,885	6,524	9,092,899
Fund Balances, June 30, 2025	\$ 266,214	\$ 3,517,078	\$ 4,983,167	\$ 1,834,965	\$ 6,759	\$ 10,608,183

BERRYESSA UNION 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	2,439.59	2,440.04
Grades 4-6	1,909.05	1,902.21
Grades 7-8	1,258.82	1,255.92
Total Regular ADA	<u>5,607.46</u>	<u>5,598.17</u>
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 7-8	1.18	1.47
Total Special Education, Nonpublic, Nonsectarian Schools	<u>1.18</u>	<u>1.47</u>
Total ADA	<u>5,608.64</u>	<u>5,599.64</u>

BERRYESSA UNION 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
TK/Kindergarten	36,000	49,800	180	Complied
Grade 1	50,400	51,238	180	Complied
Grade 2	50,400	51,238	180	Complied
Grade 3	50,400	51,238	180	Complied
Grade 4	54,000	54,842	180	Complied
Grade 5	54,000	54,842	180	Complied
Grade 6	54,000	56,040	180	Complied
Grade 7	54,000	56,040	180	Complied
Grade 8	54,000	56,040	180	Complied

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Financial Trends and Analysis For the Fiscal Year Ended June 30, 2025

General Fund	(Budget)			
	2026 ²	2025 ³	2024	2023
Revenues and other financing sources	\$ 95,142,019	\$ 99,020,192	\$ 97,605,144	\$ 104,519,281
Expenditures	95,420,834	105,076,149	104,007,312	97,146,013
Other uses and transfers out	-	-	(320,629)	518,248
Total outgo	95,420,834	105,076,149	103,686,683	97,664,261
Change in fund balance (deficit)	(278,815)	(6,055,957)	(6,081,539)	6,855,020
Ending fund balance	\$ 2,700,818	\$ 2,979,633	\$ 9,035,590	\$ 15,117,129
Available reserves ¹	\$ 3,415,082	\$ 3,277,818	\$ 4,053,463	\$ 4,807,033
Available reserves as a percentage of total outgo	3.6%	3.1%	3.9%	4.9%
Total long-term debt	\$ 258,413,864	\$ 266,010,983	\$ 308,925,251	\$ 311,707,040
Average daily attendance at P-2	5,528	5,609	5,722	5,629

The General Fund balance has decreased by \$12.1 million over the past two years. The fiscal year 2025-26 adopted budget projects a decrease of \$0.3 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 an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2025-26 fiscal year. Long-term debt has decreased by \$45.7 million over the past two years.

Average daily attendance decreased by 20 ADA compared to 2022-23.
Budgeted ADA for fiscal year 2025-26 is 5,528.

¹ Available reserves consist of all unassigned fund balances in the General Fund, and starting in 2024-25 this includes the unassigned balance in Fund 17 as well.

² Revised Final Budget 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 Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

BERRYESSA UNION SCHOOL DISTRICT

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

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund
June 30, 2025, annual financial and budget report fund balance	\$ 2,908,694	\$ 65,460,159	\$ 4,910,840	\$ 4,909,690	\$ 9,856,421
Adjustments and reclassifications:					
Increase (decrease) in total fund balances:					
Lease receivable understated	1,985,642	-	-	-	-
Deferred inflows understated	(1,860,108)	-	-	-	-
Local revenue overstated	(276,361)	-	-	-	-
Accounts receivable under/(over)stated	221,766	(316,691)	-	-	-
Deposits and investments understated	-	1,284,097	72,327	158,939	202,948
June 30, 2025, reported financial statement fund balances	\$ 2,979,633	\$ 66,427,565	\$ 4,983,167	\$ 5,068,629	\$ 10,059,369

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Sub-total Expenditures</u>	<u>Federal Expenditures</u>
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 21,342	
School Breakfast Program - Breakfast Basic	10.553	13525	301,545	
National School Lunch Program	10.555	13523	1,010,002	
Supply Chain Assistance (SCA) Funds	10.555	15655	179,114	
USDA Donated Foods	10.555	13391	<u>272,534</u>	
Subtotal Child Nutrition Cluster				\$ 1,784,537
Total U.S. Department of Agriculture				<u>1,784,537</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants	84.010	14329		866,129
Title II, Part A, Supporting Effective Instruction	84.367	14341		141,832
English Language Acquisition Grants:				
Title III, Limited English Proficiency (LEP) Student Program	84.365	10084	178,703	
Title III, Immigrant Education Program	84.365	15146	<u>56,655</u>	
Subtotal English Language Acquisition Grants				235,358
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		52,194
COVID-19 Education Stabilization Fund:				
American Rescue Plan - Homeless Children and Youth II	84.425U	15566		8,772
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,513,690	
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	35,708	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	72,337	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>385</u>	
Subtotal Special Education Cluster (IDEA)				1,622,120
Total U.S. Department of Education				<u>2,926,405</u>
Total Expenditures of Federal Awards				<u>\$ 4,710,942</u>

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

BERRYESSA UNION SCHOOL DISTRICT

Notes 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.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 4,531,828
Differences between Federal Revenues and Expenditures:		
Supply Chain Assistance (SCA) Funds	10.555	<u>179,114</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 4,710,942</u></u>

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Other Information

BERRYESSA UNION SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2025

Berryessa Union School District was established in 1855 and encompasses 6 square miles in northeastern Santa Clara County, including portions of the cities of San Jose and Milpitas and adjacent unincorporated areas. The District currently operates ten elementary schools (three were closed subsequent to year end) and three middle schools. There were no changes in the boundaries of the District during the year.

The Board of Education of Berryessa Union School District is composed of five members elected at large within the boundaries of the District. The Board and Administrative Staff manage and control the affairs of the District.

GOVERNING BOARD

Member	Office	Term Expires
Thelma Boac	President	November, 2026
Hugo Jimenez	Vice President	November, 2026
Jaria Jaug	Clerk	November, 2026
Khoa Nguyen	Member	November, 2028
Jai Srinivasan	Member	November, 2028

DISTRICT ADMINISTRATORS

Dr. Roxane Fuentes,
Superintendent

Kevin Franklin¹,
Assistant Superintendent Business Services

Ricardo Cabrera,
Assistant Superintendent, Human Services

Joseph M. McCreary, Ed.D.,
Assistant Superintendent, Education Services

¹ Position is currently held by Joshua Quitoriano

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Other Independent Auditors' Reports

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**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
Berryessa Union School District
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berryessa Union 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 December 1, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2025-001 that we consider to be a significant deficiency.

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*.

Berryessa Union Elementary School District's Response to Findings

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

Purpose of this Report

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

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Murrieta, California
December 1, 2025



NIGRO & NIGRO^{PC}

A Professional Accountancy Corporation

**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
Berryessa Union School District
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Berryessa Union 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 Berryessa Union School District's major federal programs for the year ended June 30, 2025. The Berryessa Union 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 Berryessa Union 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 Berryessa Union 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 Berryessa Union 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 Berryessa Union School District's federal program.

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 Berryessa Union 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 Berryessa Union 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 Berryessa Union 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 Berryessa Union 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 Berryessa Union 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 2025-002. 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 Berryessa Union Elementary School District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Berryessa Union Elementary 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 2025-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance 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.

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

Murrieta, California
December 1, 2025



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

Board of Education
Berryessa Union School District
San Jose, California

Report on Compliance

Opinion

We have audited the Berryessa Union 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, Berryessa Union 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 Berryessa Union 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	Not Applicable
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	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

*Independent Study was not audited because total ADA was below materiality levels.

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 2025-003. 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
December 1, 2025

Schedule of Findings and Questioned Costs

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BERRYESSA UNION 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>Yes</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, Section 200.516(a)?	<u>Yes</u>
Identification of major programs:	
<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027(A), 84.173(A)</u>	<u>Individuals with Disabilities Education Act (IDEA)</u>
<u>84.010</u>	<u>Title I, Part A, Basic Grants</u>
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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BERRYESSA UNION 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

Finding 2025-001: Adjustments and Financial Statement Preparation (30000)

Repeat Finding? No

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition: During the course of our engagement, we identified material misstatements of balances within the District's unaudited actuals financial report that required adjustment in the audit report.

Cause: The District encountered difficulties in preparing year end closing entries due to turnover and staffing shortages.

Effect: Due to the condition identified, several funds required audit adjustments. Details are shown in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.

Recommendation: Prior to closing the books, the District's management should review financial account balances to ensure that they have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

Views of Responsible Officials: The District is aware of the issue. Personnel turnover prevented the completion of a second review during this cycle. Going forward, the District will implement and maintain an additional review step to prevent similar occurrences.

BERRYESSA UNION 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 2025-002: Private School Letters (50000)

Program Identification: Title I, Part A (AL No. 84.010)

Federal Agency: U.S. Department of Education

Pass-through Entity: California Department of Education (pass-through number 14329)

Repeat Finding? No

Criteria: The equitable services provision of the Title I statute requires that local educational agencies (LEAs) provide eligible private school children with Title I educational services or other benefits that are equitable to those provided to eligible public school children. Title I services for eligible private school children must be developed in consultation with private school officials. Eligible students enrolled in private schools receive Title I, Part A services; private schools do not receive Title I, Part A funds. The public school district, where the students reside, is responsible for making these services available for students in private schools. (ESEA section 1117(b)(1))

Condition: One of the private schools contacted by the District submitted a response electing to participate in Title I Programs; however, the response was sent to a former employee of the District and was not processed. No succeeding consultation was conducted.

Cause: The District had a transition in the coordinator position during the 2024-25 school year. The response letter was sent to the former employee.

Context: The discrepancy was noted for only one private school.

Effect: The private school requesting services was not able to proceed with a District consultation.

Questioned Costs: None.

Recommendation: The District should implement procedures to ensure private schools responses are properly reviewed.

Views of Responsible Officials: The District recognizes the importance of this process and will establish a follow-up procedure in which the Business Department confirms with the Educational Services Department that all steps have been completed.

BERRYESSA UNION 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 2025-003: School Accountability Report Card (72000)

Repeat Finding? No

Criteria: In accordance with Education Code §33126, each school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Ed Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1 of each year.

Condition: It was noted that the School Facility Status on the SARC for three schools tested did not match the FIT form. For Brooktree Elementary School and Piedmont Middle School, SARC indicated a "Good" rating while the FIT Form reported "Fair" in one category (electrical). For Vinci Park Elementary, SARC indicated a "Good" rating while the FIT Form reported "Fair" in three categories (interior, electrical, and external)

Context: Discrepancies were noted in all three schools tested during audit.

Cause: The discrepancies were overlooked by District staff in preparing the SARCs.

Effect: There is no financial impact from this finding.

Recommendation: We recommend that an employee verify the information presented in the SARC. This information is essential to present the required information about the school fairly to the public.

Views of Responsible Officials: Although the correct FIT was completed, the dates on the SARC reports were not updated with the correct FIT tool. To prevent future inconsistencies, the Maintenance Department will designate a staff member to review SARC reports and verify that the appropriate FIT tool is used.

BERRYESSA UNION SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2025

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2024-001: Reporting</i>	<p>Due to substantial delays in receiving the requested devices, the District was not able to place the devices in service prior to June 30, 2024, the end of the grant period. Devices were not received until February and March of 2024. Because they were received well into the school year, the devices were kept in inventory and not assigned out to students or staff. The District plans to assign them in the subsequent school year. Consequently, the majority of devices received were not assigned to students or staff for the entirety of the grant period.</p> <p>Devices received under the grant were not assigned or in use during the grant period.</p>	50000	Not applicable, District is at the end of the grant period for these funds.	Implemented.

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To the Board of Trustees
Berryessa Union School District
San Jose, California

In planning and performing our audit of the basic financial statements of Berryessa Union 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 December 1, 2025, on the financial statements of Berryessa Union School District.

Observation: During our cash receipts testing at the District office, we noted that the cash receipts we sampled did not consistently have adequate point of collection documentation. In several cases, the only documentation was a signed cash count sheet, check stub, or a deposit slip. There were no properly completed tally sheets, individual pre-numbered receipts, or other point of collection documentation which made it impossible to tie the cash collected at the events to the actual amount turned into the bookkeeper.

Recommendation: 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. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and associated sales.

Observation: The District has not taken a physical inventory of capital assets in a number of years. As a result, it is possible that there are items on the District's capital asset listing that are no longer owned or in use.

Recommendation: The District should either hire a consultant to perform a full physical inventory of all capital assets, or it should identify employees that can perform the inventory count in-house.

Observation: During our testing of cash disbursements, it was noted that 11 out of 55 expenditures tested were not approved prior to purchase.

Recommendation: The District should ensure all expenditures are approved prior to purchase.

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

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Murrieta, California
December 1, 2025