

**RESCUE UNION SCHOOL DISTRICT
COUNTY OF EL DORADO
RESCUE, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2025

RESCUE UNION SCHOOL DISTRICT

JUNE 30, 2025

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RESCUE UNION SCHOOL DISTRICT

JUNE 30, 2025

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rescue Union School District
Rescue, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rescue 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 as listed in the table of contents.

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

Basis for Opinions

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

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 Rescue Union School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the proportionate share of the net pension liabilities, and schedules of contributions 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 Rescue Union School District's basic financial statements. The accompanying combining nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of expenditures of federal awards, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the organization/board of trustees/administration but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the Rescue Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rescue Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rescue Union School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

This section of the Rescue Union School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 4 and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 15 and 16, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 24, provide information about how the District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- The District's financial status improved during the course of the year as net position increased about 15%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$7,032,793.
- Net capital assets increased \$2,815,807 due to the current year addition of \$5,363,949 of new capital assets and improvements, and the current year recognition of \$2,548,142 of depreciation expense.
- Total long-term liabilities decreased \$5,387,936 due primarily to the decrease in the District's general obligation bonds and the decrease in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA) was 3,398 in 2024-25, an increase of 43 ADA from 2023-24.
- The District's General Fund incurred an operating deficit of \$950,698 during 2024-25 and reported a \$25,894 decrease in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2024-25, General Fund total outgo was \$50,880,760. At June 30, 2025, the District had available reserves of \$5,121,056, which represents a reserve of 10%.

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of the two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
 - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District financial health or position (net position) can be measured by taking the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

In the Statement of Net Position and the Statement of Activities all amounts represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal contract and grants, and local revenues.

Reporting the District Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

The major governmental funds of the Rescue Union School District are the General Fund, Capital Facilities Fund, Community Facilities District Fund, and Rescue District Facilities Corporation Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps determine the level of financial resources available in the near future to finance the District's programs.

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net position increased from \$47,849,081 at June 30, 2024 up to \$54,881,874 at June 30, 2025, or about 15%.

<u>Comparative Statement of Net Position</u>		
	Governmental Activities	
	2024	2025
<u>Assets</u>		
Deposits and Investments *	\$ 39,457,248	\$ 39,546,900
Receivables	1,495,529	1,919,531
Inventories	14,469	13,588
Prepaid Expenses	170,840	318,325
Capital Assets, net	62,610,678	65,426,485
Total Assets *	103,748,764	107,224,829
<u>Deferred Outflows of Resources</u>		
Pension Deferrals	11,561,889	11,057,928
<u>Liabilities</u>		
Current	4,409,113	4,592,231
Long-Term	60,963,769	55,416,820
Total Liabilities	65,372,882	60,009,051
<u>Deferred Inflows of Resources</u>		
Pension Deferrals	2,088,690	3,391,832
<u>Net Position</u>		
Net Investment in Capital Assets	44,173,574	49,415,167
Restricted for Debt Service *	3,173,218	1,083,699
Restricted for Other Purposes	17,332,044	17,584,681
Unrestricted (Deficit)	(16,829,755)	(13,201,673)
Total Net Position *	\$ 47,849,081	\$ 54,881,874
<i>Table includes financial data of the combined governmental funds</i>		
* The amounts presented for fiscal year 2023-24 have been adjusted - see Note 15.		

The unrestricted deficit balance is due primarily to the requirement for the District to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$7,032,793.

<u>Comparative Statement of Changes in Net Position</u>		
	Governmental Activities	
	2024	2025
<u>Program Revenues</u>		
Charges for Services	\$ 838,113	\$ 650,293
Operating Grants and Contributions	12,449,638	11,051,027
Capital Grants and Contributions	4,924,064	
<u>General Revenues</u>		
Taxes Levied	22,902,604	21,702,272
Federal and State Aid	25,119,924	24,773,049
Interest and Investment Earnings	1,821,010	1,721,287
Other Revenues	1,781,417	785,791
Total Revenues	69,836,770	60,683,719
<u>Expenses</u>		
Instruction	29,488,260	29,957,534
Instruction-Related Services	4,977,162	5,011,330
Pupil Services	7,302,478	7,152,061
General Administration	2,806,056	2,899,237
Plant Services	5,203,124	5,710,692
Interest on Long-Term Debt	1,400,316	887,984
Other Expenses	1,808,160	2,032,088
Total Expenses	52,985,556	53,650,926
Changes in Net Position	\$ 16,851,214	\$ 7,032,793
<i>Table includes financial data of the combined governmental funds</i>		

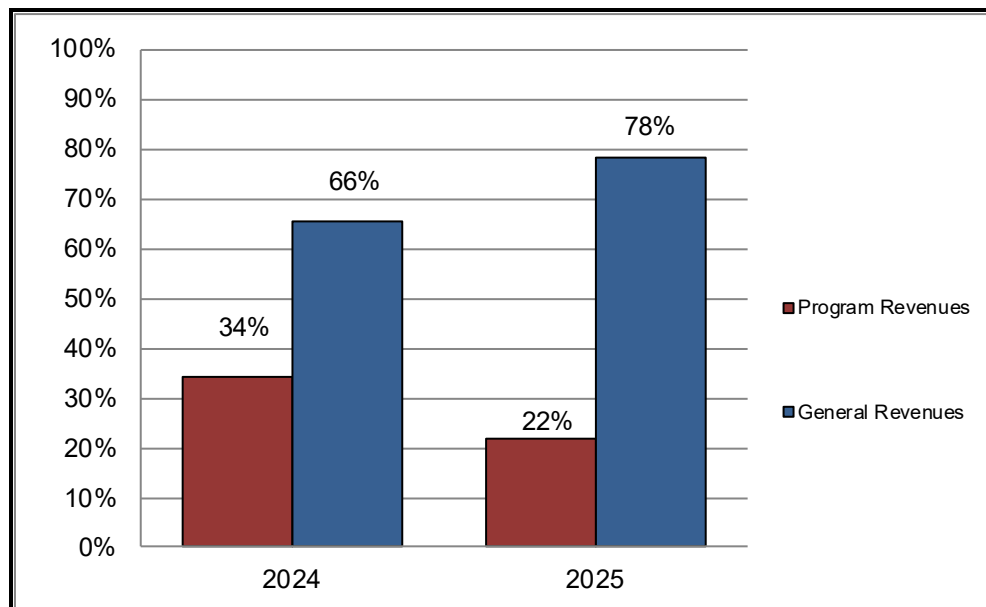
RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

<u>Comparative Schedule of Costs of Services</u>				
	Total Cost of Services		Net Cost (Revenue) of Services	
	2024	2025	2024	2025
Instruction	\$ 29,488,260	\$ 29,957,534	\$ 19,437,828	\$ 25,033,228
Instruction-Related Services	4,977,162	5,011,330	4,344,887	4,435,302
Pupil Services	7,302,478	7,152,061	3,284,873	3,687,498
General Administration	2,806,056	2,899,237	2,553,770	2,648,397
Plant Services	5,203,124	5,710,692	4,176,800	5,006,616
Interest on Long-Term Debt	1,400,316	887,984	1,400,316	887,984
Other Expenses	1,808,160	2,032,088	(424,733)	250,581
Totals	<u>\$ 52,985,556</u>	<u>\$ 53,650,926</u>	<u>\$ 34,773,741</u>	<u>\$ 41,949,606</u>

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$41,949,606 total net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2024-25, program revenues financed 22% of the total cost of providing the services listed above, while the remaining 78% was financed by the general revenues of the District.

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

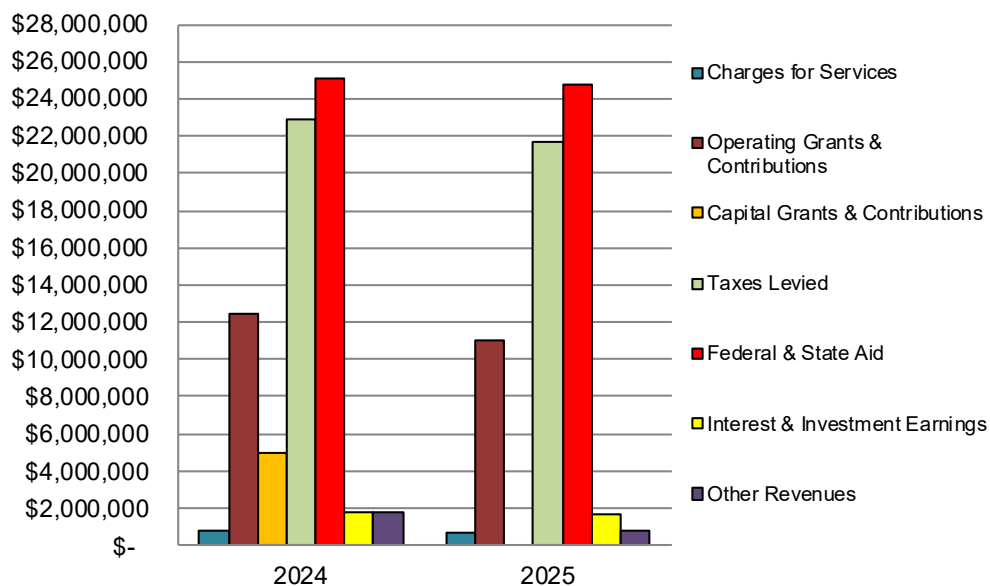
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2024 Amount	Percent of Total	FYE 2025 Amount	Percent of Total
<u>Program Revenues</u>				
Charges for Services	\$ 838,113	1.20%	\$ 650,293	1.07%
Operating Grants & Contributions	12,449,638	17.83%	11,051,027	18.21%
Capital Grants & Contributions	4,924,064	7.05%		
<u>General Revenues</u>				
Taxes Levied	22,902,604	32.79%	21,702,272	35.76%
Federal & State Aid	25,119,924	35.97%	24,773,049	40.82%
Interest & Investment Earnings	1,821,010	2.61%	1,721,287	2.84%
Other Revenues	1,781,417	2.55%	785,791	1.29%
Total Revenues	<u>\$ 69,836,770</u>	<u>100.00%</u>	<u>\$ 60,683,719</u>	<u>100.00%</u>

Table includes financial data of the combined governmental funds

Comparative Revenues



RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

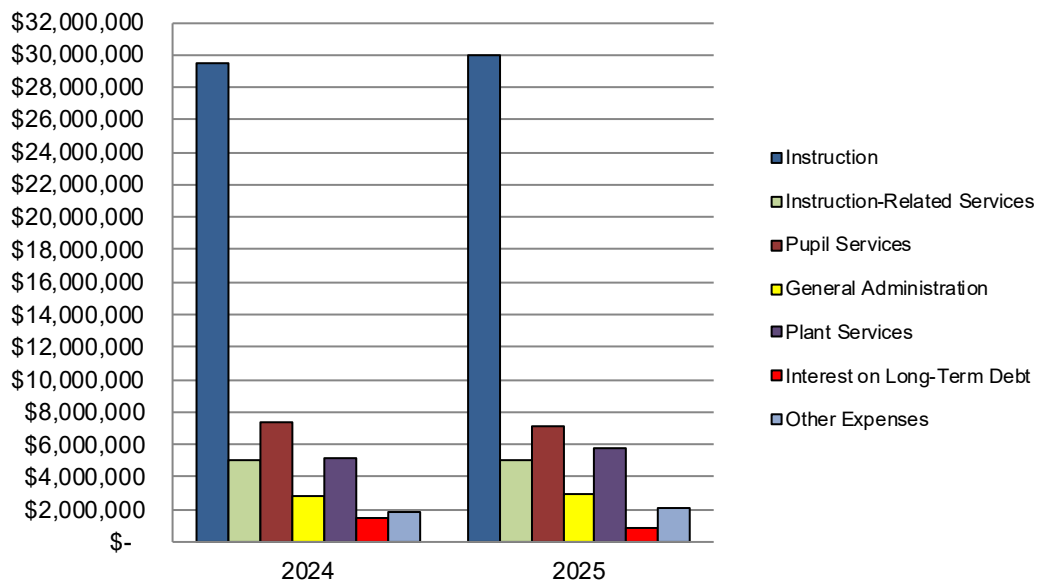
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2024 Amount	Percent of Total	FYE 2025 Amount	Percent of Total
<u>Expenses</u>				
Instruction	\$ 29,488,260	55.65%	\$ 29,957,534	55.84%
Instruction-Related Services	4,977,162	9.39%	5,011,330	9.34%
Pupil Services	7,302,478	13.78%	7,152,061	13.33%
General Administration	2,806,056	5.30%	2,899,237	5.40%
Plant Services	5,203,124	9.82%	5,710,692	10.64%
Interest on Long-Term Debt	1,400,316	2.64%	887,984	1.66%
Other Expenses	1,808,160	3.41%	2,032,088	3.79%
Total Expenses	<u>\$ 52,985,556</u>	<u>100.00%</u>	<u>\$ 53,650,926</u>	<u>100.00%</u>

Table includes financial data of the combined governmental funds

Comparative Expenses



RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

<u>Comparative Schedule of Capital Assets</u>		
	Governmental Activities	
	2024	2025
Land	\$ 4,640,099	\$ 4,640,099
Construction-in-Progress	2,052,715	4,200
Sites and Improvements, net	3,086,404	2,895,016
Buildings and Improvements, net	48,511,067	53,819,332
Furniture and Equipment, net	4,320,393	4,067,838
Capital Assets	<u>\$ 62,610,678</u>	<u>\$ 65,426,485</u>

Net capital assets increased \$2,815,807 due to the current year addition of \$5,363,949 of new capital assets and improvements, and the current year recognition of \$2,548,142 of depreciation expense.

<u>Comparative Schedule of Long-Term Liabilities</u>		
	Governmental Activities	
	2024	2025
Compensated Absences	\$ 54,915	\$ 105,828
General Obligation Bonds	21,741,461	20,092,703
Certificates of Participation	4,000,000	3,760,000
Net Pension Liabilities	37,752,753	34,202,662
Totals	<u>\$ 63,549,129</u>	<u>\$ 58,161,193</u>

The general obligation bonds are financed by the local taxpayers and represent about 35% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on all of its debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The fund balance of the General Fund decreased \$950,698 and the combined fund balances of all other District governmental funds increased \$1,456,166.

RESCUE UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(PREPARED BY DISTRICT MANAGEMENT)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget when material. In addition, the District revises its budget at First and Second Interim.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Since 2011, Rescue USD has been in a state of declining enrollment. Declining enrollment creates fiscal pressures for RUSD, as state funding is tied to the number students they serve. Most district-level declines in student enrollment are large and long lasting. Although RUSD saw a slight increase in enrollment for the 2024-25 year, enrollment does not generally rebound, so RUSD must adjust to fluctuating enrollment levels and less state revenues for the foreseeable future. Beginning in 2023-24, state funding allows for a three-year average attendance to soften the impacts to district in decline.

Beginning in the 2023-24 school year, all public schools will be required to provide two free meals per school day to all students.

Education Code section 48000(c) requires any school district operating a kindergarten program to also provide a transitional kindergarten (TK) program for all 4-year-old children by 2025-26. Beginning in 2023-24, children turning five between September 2 and February 2 are eligible for TK, and the age at which children are eligible for TK will be expanded and phased in over the three year period.

Although CalSTRS employer rates appear to be stabilizing , CalPERS rates continue to increase. Both CalSTRS and CalPERS rates have more than doubled since 2014. These employer rates are unpredictable.

Accordingly, based on the above factors, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Lisa Donaldson, Assistant Superintendent of Business Services, Rescue Union School District, 2390 Bass Lake Road, Rescue CA 95672.

RESCUE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
<u>Assets</u>	
Current Assets:	
Deposits and Investments (Note 2)	\$ 39,546,900
Receivables (Note 3)	1,919,531
Stores Inventory (Note 1H)	13,588
Prepaid Expenses (Note 1H)	318,325
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	4,644,299
Capital Assets, Net	60,782,186
Total Assets	<u>107,224,829</u>
<u>Deferred Outflows of Resources</u>	
Pension Deferrals (Note 8)	<u>11,057,928</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	1,611,326
Accrued Interest Payable	113,139
Unearned Revenue (Note 1H)	123,393
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	105,828
General Obligation Bonds (Note 6)	2,393,545
Certificates of Participation (Note 7)	245,000
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 6)	17,699,158
Certificates of Participation (Note 7)	3,515,000
Net Pension Liabilities (Note 8)	34,202,662
Total Liabilities	<u>60,009,051</u>
<u>Deferred Inflows of Resources</u>	
Pension Deferrals (Note 8)	<u>3,391,832</u>
<u>Net Position</u>	
Net Investment in Capital Assets	49,415,167
Restricted:	
For Capital Projects	10,156,346
For Debt Service	1,083,699
For Educational Programs	3,767,517
For Other Purposes	3,660,818
Unrestricted (Deficit)	<u>(13,201,673)</u>
Total Net Position	<u><u>\$ 54,881,874</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

RESCUE UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>					
Instruction	\$ 29,957,534	\$ 95,049	\$ 4,829,257		\$ (25,033,228)
Instruction-Related Services:					
Supervision of Instruction	1,534,946	3,561	396,187		(1,135,198)
Instructional Library and Technology	547,294	4,600	17,533		(525,161)
School Site Administration	2,929,090		154,147		(2,774,943)
Pupil Services:					
Home-to-School Transportation	1,558,529	1,585	91,628		(1,465,316)
Food Services	2,364,165	73,076	2,555,113		264,024
Other Pupil Services	3,229,367	12,814	730,347		(2,486,206)
General Administration:					
Data Processing Services	168,122		4,978		(163,144)
Other General Administration	2,731,115	7,473	238,389		(2,485,253)
Plant Services	5,710,692	76,944	627,132		(5,006,616)
Ancillary Services	216,662	3,840	90,679		(122,143)
Community Services	1,381		1,381		
Interest on Long-Term Debt	887,984				(887,984)
Other Outgo	1,814,045	371,351	1,314,256		(128,438)
Total Governmental Activities	<u>\$ 53,650,926</u>	<u>\$ 650,293</u>	<u>\$ 11,051,027</u>	<u>\$ 0</u>	<u>(41,949,606)</u>
<u>General Revenues</u>					
Taxes Levied for General Purposes					15,402,491
Taxes Levied for Debt Service					2,491,309
Taxes Levied for Specific Purposes					3,808,472
Federal and State Aid - Unrestricted					24,773,049
Interest and Investment Earnings					1,721,287
Transfers from Other Agencies					226
Miscellaneous					785,565
Total General Revenues					<u>48,982,399</u>
Change in Net Position					7,032,793
Net Position - July 1, 2024 (As Restated - Note15)					<u>47,849,081</u>
Net Position - June 30, 2025					<u>\$ 54,881,874</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

RESCUE UNION SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Facilities
<u>Assets</u>		
Deposits and Investments (Note 2)	\$ 16,281,119	\$ 1,449,275
Receivables (Note 3)	1,627,754	
Due from Other Funds (Note 4)	229,855	
Stores Inventory (Note 1H)		
Prepaid Expenditures (Note 1H)	247,886	
	<u>247,886</u>	
Total Assets	<u>\$ 18,386,614</u>	<u>\$ 1,449,275</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 1,594,550	
Due to Other Funds (Note 4)	804,339	\$ 500,000
Unearned Revenue (Note 1H)	101,761	
	<u>2,500,650</u>	
Total Liabilities	<u>2,500,650</u>	<u>500,000</u>
Fund Balances: (Note 10)		
Nonspendable	253,636	
Restricted	3,767,517	949,275
Committed	1,550,449	
Assigned	5,193,306	
Unassigned	5,121,056	
	<u>15,885,964</u>	
Total Fund Balances	<u>15,885,964</u>	<u>949,275</u>
Total Liabilities and Fund Balances	<u>\$ 18,386,614</u>	<u>\$ 1,449,275</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Community Facilities District	Rescue District Facilities Corporation	Non-Major Governmental Funds	Total Governmental Funds
\$ 6,425,377	\$ 5,491,405	\$ 9,899,724	\$ 39,546,900
		291,777	1,919,531
	1,880	1,681,557	1,913,292
		13,588	13,588
		70,439	318,325
<u>\$ 6,425,377</u>	<u>\$ 5,493,285</u>	<u>\$ 11,957,085</u>	<u>\$ 43,711,636</u>
		\$ 16,776	\$ 1,611,326
	\$ 377,218	231,735	1,913,292
		21,632	123,393
	<u>377,218</u>	<u>270,143</u>	<u>3,648,011</u>
		84,727	338,363
\$ 6,425,377	5,116,067	10,026,305	26,284,541
		1,575,910	1,550,449
			6,769,216
			5,121,056
<u>6,425,377</u>	<u>5,116,067</u>	<u>11,686,942</u>	<u>40,063,625</u>
<u>\$ 6,425,377</u>	<u>\$ 5,493,285</u>	<u>\$ 11,957,085</u>	<u>\$ 43,711,636</u>

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

Total Fund Balances - Governmental Funds \$ 40,063,625

Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:

Capital Assets	\$ 109,359,752	
Accumulated Depreciation	(43,933,267)	
Net		65,426,485

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. The net of deferred outflows and inflows was: 7,666,096

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:

Compensated Absences	105,828	
General Obligation Bonds	20,092,703	
Certificates of Participation	3,760,000	
Net Pension Liabilities	34,202,662	
Total		(58,161,193)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmaturred interest owed at the end of the period was: (113,139)

Total Net Position - Governmental Activities \$ 54,881,874

**RESCUE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	General	Capital Facilities
<u>Revenues</u>		
LCFF Sources:		
State Apportionment / Transfers	\$ 23,603,942	
Local Taxes	15,294,431	
Total LCFF Sources	38,898,373	
Federal Revenue	698,432	
State Revenue	5,525,615	
Local Revenue	4,807,642	\$ 659,711
Total Revenues	49,930,062	659,711
<u>Expenditures</u>		
Current:		
Instruction	29,962,025	
Supervision of Instruction	1,502,546	
Instructional Library and Technology	516,449	
School Site Administration	2,884,039	
Home-To-School Transportation	1,815,503	
Food Services	12,820	
Other Pupil Services	3,178,709	
Data Processing Services	164,082	
Other General Administration	2,503,557	45,484
Plant Services	4,912,318	
Facilities Acquisition and Construction	596,375	4,932
Ancillary Services	226,166	
Community Services	1,381	
Other Outgo	1,812,165	
Debt Service: Principal Retirement		
Debt Service: Interest and Issuance Costs		
Total Expenditures	50,088,135	50,416
Excess of Revenues Over (Under) Expenditures	(158,073)	609,295
<u>Other Financing Sources (Uses)</u>		
Operating Transfers In		
Operating Transfers Out	(792,625)	(500,000)
Total Other Financing Sources (Uses)	(792,625)	(500,000)
Net Change in Fund Balances	(950,698)	109,295
Fund Balances - July 1, 2024 (Deficit) (As Restated - Note 15)	16,836,662	839,980
Fund Balances - June 30, 2025	\$ 15,885,964	\$ 949,275

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Community Facilities District	Rescue District Facilities Corporation	Non-Major Governmental Funds	Total Governmental Funds
			\$ 23,603,942
			15,294,431
			38,898,373
		\$ 785,127	1,483,559
		2,006,688	7,532,303
\$ 4,013,926	\$ 127,243	3,160,962	12,769,484
4,013,926	127,243	5,952,777	60,683,719
			29,962,025
			1,502,546
			516,449
			2,884,039
			1,815,503
		2,588,645	2,601,465
			3,178,709
			164,082
		54,314	2,603,355
18,131	7,883	320,575	5,258,907
		4,140,845	4,742,152
			226,166
			1,381
			1,812,165
		2,501,900	2,501,900
		407,407	407,407
18,131	7,883	10,013,686	60,178,251
3,995,795	119,360	(4,060,909)	505,468
	5,700,000	1,646,568	7,346,568
(5,700,000)	(353,943)		(7,346,568)
(5,700,000)	5,346,057	1,646,568	0
(1,704,205)	5,465,417	(2,414,341)	505,468
8,129,582	(349,350)	14,101,283	39,558,157
\$ 6,425,377	\$ 5,116,067	\$ 11,686,942	\$ 40,063,625

RESCUE 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

Net Change in Fund Balances - Governmental Funds	\$ 505,468
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlay Expenditures	\$ 5,363,949	
Depreciation Expense	(2,548,142)	
Net		2,815,807

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was:	(50,913)
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Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pensions costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:	1,742,988
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Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt, including bond issue premium, were:	2,530,445
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owed from the prior period, was:	(511,002)
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Change in Net Position of Governmental Activities	\$ 7,032,793
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RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Rescue Union School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees elected by registered voters of the District, which comprises an area in El Dorado County. The District was established in 1950 and serves students in kindergarten through eighth grade.

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

The financial reporting entity consists of the following:

- The primary government.
- Organizations for which the primary government is financially accountable.
- Other organizations for which the primary government may determine, through exercise of management’s professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, the organization should be included as a component unit.

Component Units are legally separate organizations for which elected officials of the primary government (District) are financially accountable. The District has financial and operational relationships with the El Dorado School Financing Community Facilities District No. 2007-1 (the “Agency”) and the Rescue District Facilities Corporation (the “Corporation”). The Agency meets the definition of a joint venture. The Corporation meets the reporting entity definition for inclusion as a component unit of the District. Accordingly, the financial activities of the Agency and Corporation have been included in the financial statements of the District.

El Dorado School Financing Community Facilities District: The El Dorado School Financing Community Facilities District No. 2007-1 (Agency) was formed by a Joint Powers Agreement among the Rescue Union School District, Buckeye Union School District and El Dorado Union High School District pursuant to the Mello-Roos Community Facilities Act of 1982. The Agency was formed for the purpose of administering and collecting special taxes for its member districts. The Agency has no employees or property and equipment, and its powers are limited to the implementation of the Mello-Roos financing plan contemplated in the Joint Powers Agreement.

The Agency is governed by an elected board consisting of one representative from each member district. Board members are elected by the participating districts’ governing boards and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Oversight responsibility; the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, levy taxes, and otherwise influence operations and account for fiscal matters, is exercised by the Agency's Governing Board. Accordingly, the Agency is considered to be a separate legal entity from the District and is designated as a joint venture for financial reporting purposes. The District's financial statements must include the Mello-Roos activity on behalf of the District in this joint venture. This information is presented in these financial statements as the Community Facilities District Fund.

Rescue District Facilities Corporation: The Rescue District Facilities Corporation (Corporation) is a nonprofit, public benefits corporation, incorporated under the laws of the State of California and recorded by the Secretary of State in March, 2001. The Corporation was formed for the sole purpose of providing financial assistance to the District by financing the design, development, acquisition, construction, improvement and remodeling of facilities and equipment, together with site acquisition, development, landscaping, utilities, furnishings, improvements, parking and all appurtenant and related facilities. When the Corporation's certificates of participation have been paid with State reimbursements and the District's developer fees, title to all Corporation property will pass to the District for no additional consideration.

The following are those aspects of the relationship between the District and the Corporation that satisfy the financial reporting entity criteria:

- The Corporation is governed by the elected Board of Trustees of the Rescue Union School District ex officio. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.
- The Corporation has no employees. The District's Superintendent and the Assistant Superintendent of Business Services function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of the Corporation as the District will always be the sole lessee of all facilities owned by the Corporation.
- All major financing arrangements, contracts, and financial transactions of the Corporation must have the consent of the District.
- Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
- The District's lease payments will be the sole revenue source of the Corporation.
- The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

The Corporation's financial activity is blended with the District's financial data and is presented in the Rescue District Facilities Corporation Fund. Certificates of participation issued by the Corporation are reported as a liability in the Statement of Net Position.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

Governmental Accounting Standards Board Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if specific criteria are met. The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. Eliminations have been made to remove the double-counting of internal activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements (Concluded):

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. 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 as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Certain grants received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/Expenditures:

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following governmental fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's funds are organized into major and non-major funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Major Governmental Funds (Concluded):

The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

The *Community Facilities District Fund* is a capital projects fund used for the purpose of administering and collecting special taxes for the District. The District's respective activity within the El Dorado School Financing Community Facilities District 2007-1 joint venture is reflected in this fund.

The *Rescue District Facilities Corporation Fund* is a capital projects fund used for the purpose of administering and collecting special taxes for the District. The District's respective activity within the El Dorado School Financing Community Facilities District 2007-1 joint venture is reflected in this fund.

Non-major Governmental Funds:

The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeteria program.

The *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal.

The *Rescue District Facilities Corporation Debt Service Fund* is a debt service fund used to account for the accumulation of resources for, and the payment of, certificates of participation debt principal, interest, and related costs.

The *County School Facilities Fund* is used primarily to account separately for state apportionments provided for construction of school facilities (Education Code Sections 17009.5 and 17070.10-17076.10).

The *Capital Projects - Special Reserve Fund* is used to account for the financial resources used for the acquisition or construction of major capital projects.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 59.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Concluded)

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

2. Stores Inventory and Prepaid Expenses / Expenditures

Inventory is recorded using the consumption method in that inventory acquisitions are initially recorded in inventory asset accounts and are recorded as expenditures when the supplies are used. Inventory is valued at average cost and consists of expendable supplies held for consumption.

Prepaid expenses/expenditures represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

Reported inventory and prepaid expense/expenditures are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

3. Capital Assets

Furniture and equipment purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost, and capital improvement, acquisition, or construction with an original cost of \$50,000 or more are reported at historical cost or estimated historical cost.

Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Site and Improvements	20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

4. Deferred Outflows / Inflows of Resources

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

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

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualifying expenditures.

6. Compensated Absences

Accumulated earned but unused leave, including vacation, sick leave, and compensatory time benefits are accrued as a liability as the benefits are earned. The entire balance of vacation and compensatory time are recognized as a liability at year-end in the government-wide financial statements. Sick leave is recognized as a liability if it more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, as applicable.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' 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.

8. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Premiums and discounts as well as refunding costs are deferred and amortized over the life of the obligation, when applicable. Liabilities are reported net of applicable premiums, discounts or refunding costs.

In the fund financial statements, governmental funds recognize premiums and discounts as well as issuance and refunding costs, when the debt is issued. The face amount of the debt issued, premiums, discounts, issuance and refunding costs are reported as other financing sources or uses.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

9. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority (Governing Board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The Governing Board delegated authority to the Assistant Superintendent of Business Services to identify intended uses of assigned funds.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All Funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The District established a minimum fund balance policy of 10% of the District's general fund annual operating expenditures.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

10. Local Control Funding Formula (LCFF) / Property Tax

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of state aid and local property taxes.

The County of El Dorado is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Cash in Revolving Funds	\$ 6,450
Cash with Fiscal Agent	6,425,377
County Pool Investments	<u>33,115,073</u>
Total	<u><u>\$ 39,546,900</u></u>

Cash in Revolving Funds

Cash in revolving funds consist of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash with Fiscal Agent

The cash with fiscal agent represents debt proceeds that have been set aside for capital projects and the repayment of long-term liabilities, and is held by a third party custodian in the District's name.

County Pool Investments

County pool investments consist of District cash held by the El Dorado County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

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

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

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the El Dorado County Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 33,115,073	\$ 33,115,073	627

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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, the District's bank balance was not exposed to custodial credit risk.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

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 specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 33,115,073	\$ 33,115,073

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

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 3 - RECEIVABLES

Receivables at June 30, 2025 consist of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government	\$ 446,300	\$ 63,543	\$ 509,843
State Government	917,988	204,319	1,122,307
Local Governments	155,181	21,780	176,961
Miscellaneous	108,285	2,135	110,420
Totals	<u>\$ 1,627,754</u>	<u>\$ 291,777</u>	<u>\$ 1,919,531</u>

NOTE 4 - INTERFUND ACTIVITIES

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

A. Due From / Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2025 are as follows:

General Fund due to Cafeteria Fund to reimburse costs related to the CSESAP grant	\$ 11,715
Cafeteria Fund due to General Fund for indirect costs and reimbursement for utilities	207,142
County School Facilities Fund due to General Fund to reimburse expenditures related to alarm system	22,713
Rescue District Facilities Corporation Fund due to Corporation Debt Service Fund for COP payment, interest and to reimburse legal related expenditures	377,218
General Fund due to Capital Projects - Special Reserve Fund for future capital related projects	792,624
Corporation Debt Service Fund due to Rescue District Facilities Corporation for bond insurance	1,880
Capital Facilities Fund due to County School Facilities Fund to reimburse costs related to Rescue Elementary multi-purpose project	<u>500,000</u>
Total	<u>\$ 1,913,292</u>

All interfund receivables and payables are scheduled to be paid within one year.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers during the 2024-25 fiscal year were as follows:

General Fund transfer to Capital Projects - Special Reserve Fund for future capital related projects	\$ 792,624
Community Facilities District Fund transfer to Rescue District Facilities Corporation Fund funds to be transferred to the Corporation Debt Service Fund	5,700,000
Rescue District Facilities Corporation Fund transfer to Corporation Debt Service Fund for COP payment	353,943
Capital Facilities Fund transfer to County School Facilities Fund for future costs related to Rescue Elementary multi-purpose project	500,000
General Fund transfer to Cafeteria Fund to cover bad debts balance	1
Total	<u><u>\$ 7,346,568</u></u>

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, is shown below:

	Balances July 1, 2024	Additions	Deletions	Balances June 30, 2025
Capital Assets Not Being Depreciated:				
Land	\$ 4,640,099			\$ 4,640,099
Construction-in-Progress	2,052,715	\$ 4,200	\$ 2,052,715	4,200
Total Capital Assets Not Being Depreciated	6,692,814	4,200	2,052,715	4,644,299
Capital Assets Being Depreciated:				
Sites and Improvements	8,187,659			8,187,659
Buildings and Improvements	78,743,197	6,840,867		85,584,064
Furniture and Equipment	10,372,133	571,597		10,943,730
Total Capital Assets Being Depreciated	97,302,989	7,412,464	0	104,715,453
Less Accumulated Depreciation:				
Sites and Improvements	5,101,255	191,388		5,292,643
Buildings and Improvements	30,232,130	1,532,602		31,764,732
Furniture and Equipment	6,051,740	824,152		6,875,892
Total Accumulated Depreciation	41,385,125	2,548,142	0	43,933,267
Total Capital Assets Being Depreciated, Net	55,917,864	4,864,322	0	60,782,186
Capital Assets, Net	<u><u>\$ 62,610,678</u></u>	<u><u>\$ 4,868,522</u></u>	<u><u>\$ 2,052,715</u></u>	<u><u>\$ 65,426,485</u></u>

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,504,726
Instruction-Related Services	251,712
Pupil Services	359,239
General Administration	145,625
Plant Services	286,840
	<hr/>
Total	<u>\$ 2,548,142</u>

NOTE 6 - GENERAL OBLIGATION BONDS

The general obligation bonds are secured by the full faith and credit of the District. El Dorado County is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the bonds upon all property subject to taxation in the District. The outstanding general obligation debt of the District as of June 30, 2025, excluding \$145,103 of unamortized bond premiums, is as follows:

A. Current Interest Bonds

Year of Issue	Interest Rate %	Year of Maturity	Amount of Original Issue	Outstanding July 1, 2024	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2025
2013	2.00-4.00	2030	\$ 7,610,000	\$ 6,990,000		\$ 65,000	\$ 6,925,000
2016	2.48	2024	2,719,500	2,021,900		2,021,900	0
			<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
			\$ 10,329,500	\$ 9,011,900	\$ 0	\$ 2,086,900	\$ 6,925,000

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2025, are as follows:

Year Ended June 30	Principal	Interest	Totals
2026	\$ 65,000	\$ 262,500	\$ 327,500
2027	70,000	259,800	329,800
2028	400,000	250,400	650,400
2029	2,410,000	194,200	2,604,200
2030	2,660,000	92,800	2,752,800
2031-2035	1,320,000	19,800	1,339,800
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 6,925,000</u>	<u>\$ 1,079,500</u>	<u>\$ 8,004,500</u>

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds

Year of Issue	Accretion Rate %	Year of Maturity	Amount of Original Issue	Outstanding July 1, 2024	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2025
2005	4.68-5.59	2027	\$ 1,709,889	\$ 4,037,223	\$ 217,609	\$ 175,000	\$ 4,079,832
2007	4.47-5.96	2032	3,802,070	8,518,690	424,078		8,942,768
Totals			<u>\$ 5,511,959</u>	<u>\$ 12,555,913</u>	<u>\$ 641,687</u>	<u>\$ 175,000</u>	<u>\$ 13,022,600</u>

The outstanding obligation for the capital appreciation bonds is as follows:

Year Ended June 30	Amount of Original Issue (Principal)	Accreted Interest	Totals
2026	\$ 1,029,148	\$ 1,254,751	\$ 2,283,899
2027	765,588	1,472,875	2,238,463
2028	662,790	1,257,748	1,920,538
2029	67,869	83,715	151,584
2030	64,580	80,159	144,739
2031-2035	2,591,241	3,692,136	6,283,377
Totals	<u>\$ 5,181,216</u>	<u>\$ 7,841,384</u>	<u>\$ 13,022,600</u>

The annual requirements to amortize the capital appreciation bonds are as follows:

Year Ended June 30	Principal	Interest	Totals
2026	\$ 1,029,148	\$ 1,270,852	\$ 2,300,000
2027	765,588	1,609,412	2,375,000
2028	662,790	1,487,210	2,150,000
2029	67,869	107,131	175,000
2030	64,580	110,420	175,000
2031-2035	2,591,241	6,098,759	8,690,000
Totals	<u>\$ 5,181,216</u>	<u>\$ 10,683,784</u>	<u>\$ 15,865,000</u>

NOTE 7 - CERTIFICATES OF PARTICIPATION

On August 22, 2017, the District issued 2017 Certificate of Participation, in the aggregate amount of \$5,355,000 with interest rates ranging from 2.00% to 3.25%. The proceeds from the sale of 2017 Certificates of Participations were used to finance the acquisition and improvement of real property to be used by the District for educational facilities.

At June 30, 2025, the outstanding principal balance for the certificates of participation was \$3,760,000. The certificates of participation mature as follows:

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 7 - CERTIFICATES OF PARTICIPATION (CONCLUDED)

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 245,000	\$ 104,912	\$ 349,912
2027	250,000	99,650	349,650
2028	255,000	93,809	348,809
2029	265,000	87,469	352,469
2030	270,000	80,444	350,444
2031-2035	1,480,000	275,159	1,755,159
2036-2040	995,000	49,119	1,044,119
Totals	<u>\$ 3,760,000</u>	<u>\$ 790,562</u>	<u>\$ 4,550,562</u>

NOTE 8 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 20,778,270	\$ 6,899,611	\$ 2,693,975	\$ 3,946,465
CalPERS	13,424,392	4,158,317	697,857	2,054,062
Totals	<u>\$ 34,202,662</u>	<u>\$ 11,057,928</u>	<u>\$ 3,391,832</u>	<u>\$ 6,000,527</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers' Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to full-time and part-time California public school teachers from pre-kindergarten through community college and certain other employees of the public school system and other state agencies. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Plan Description (Concluded)

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. 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 for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Benefits Provided

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP DB Program has two benefit structures:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided - CalSTRS 2% at 60 (Concluded)

One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

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.

A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members: The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25%, while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for CalSTRS 2% at 62 members was 10.205% for fiscal year 2024-25.

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2024-25 for a total contribution rate of 19.10%. The District contributed \$3,922,032 to the plan for the fiscal year ended June 30, 2025.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2024-25. The total state contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954. The total state contribution to the DB program was 10.828% for the fiscal year ended June 30, 2025.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

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

District's proportionate share of the net pension liability	\$ 20,778,270
State's proportionate share of the net pension liability associated with the District	<u>9,533,142</u>
Total net pension liability attributed to District	<u><u>\$ 30,311,412</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State.

The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

Proportion - June 30, 2024	0.0309%
Proportion - June 30, 2023	<u>0.0308%</u>
Change - Increase (Decrease)	<u><u>0.0001%</u></u>

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$3,946,465 which includes \$1,924,938 of 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
District contributions subsequent to the measurement date	\$ 3,922,032	
Differences between expected and actual experience	2,342,461	\$ 897,326
Changes of assumptions	87,254	1,418,952
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	508,426	377,697
Net differences between projected and actual earnings on plan investments	39,438	
Totals	<u>\$ 6,899,611</u>	<u>\$ 2,693,975</u>

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

Year Ended June 30	
2026	\$ (1,326,276)
2027	1,696,623
2028	(106,757)
2029	(62,770)
2030	165,495
Thereafter	(82,711)

Other than differences between projected and actual investment earnings, deferred outflows and inflows of resources are recognized in pension expense beginning in the current period using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive). Based on the financial reporting actuarial valuation report as of June 30, 2024, the average expected remaining service life for STRP members is seven years.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Deferred outflows and inflows of resources related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2023
Experience Study ¹	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry Age
Investment Rate of Return ²	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Payroll Growth	3.25%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

¹ Both a five-year period (July 1, 2017 - June 30, 2022) and 15-year period were considered in the 2024 experience study; however, assumptions were primarily based on the results of the 15-year study. Additional information is available in the 2024 experience analysis report available at CalSTRS.com.

² Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

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 as previously described. 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.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

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:

<u>Asset class/strategy</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Rate of Return¹</u>	<u>Long-Term Expected Real Rate of Return^{1,2}</u>
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
Total	<u>100%</u>		

¹ 20- to 30-year geometric average.

² Real rates of return are net of assumed 2.75% inflation.

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

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

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

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

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	\$ 36,957,743	\$ 20,778,270	\$ 7,267,738

Mortality

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its 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.

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 27.05% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2025 was \$2,028,605.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a liability of \$13,424,392 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. 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 employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

Proportion - June 30, 2024	0.0376%
Proportion - June 30, 2023	<u>0.0395%</u>
Change - Increase (Decrease)	<u><u>-0.0019%</u></u>

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$2,054,062. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 2,028,605	
Differences between expected and actual experience	1,167,597	\$ 112,788
Changes of assumptions	348,330	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		585,069
Net differences between projected and actual earnings on plan investments	613,785	
Totals	<u>\$ 4,158,317</u>	<u>\$ 697,857</u>

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

Year Ended June 30	
2026	\$ 464,339
2027	1,119,252
2028	13,262
2029	(164,998)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of June 30, 2024. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Wage Growth	Varies by Entry Age And Service
Mortality Rate Table	Derived Using CalPERS' Membership Data For All Funds
Investment Rate of Return	6.90%
Post Retirement Benefit Increase	The Lesser of Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter

The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's 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 on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

<u>Asset Class ¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return ^{1,2}</u>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management Study.

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

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

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - RETIREMENT PLANS (CONCLUDED)

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

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

	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	\$ 19,942,046	\$ 13,424,392	\$ 8,040,291

Pension Plan Fiduciary Net Position

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

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. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 9 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025, is shown below.

	Balances July 1, 2024	Additions	Deductions	Balances June 30, 2025	Due within One Year
Long-Term Debt:					
General Obligation Bonds	\$ 21,741,461	\$ 641,687	\$ 2,290,445	\$ 20,092,703	\$ 2,393,545
Certificates of Participation	4,000,000		240,000	3,760,000	245,000
Other Long-Term Liabilities:					
Compensated Absences	54,915	105,828	54,915	105,828	105,828
Net Pension Liabilities	37,752,753	(3,550,091)		34,202,662	
Totals	<u>\$ 63,549,129</u>	<u>\$ (2,802,576)</u>	<u>\$ 2,585,360</u>	<u>\$ 58,161,193</u>	<u>\$ 2,744,373</u>

The general obligation bonds are obligations of the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The certificates of participation are financed by special taxes levied by the El Dorado School Financing Community Facilities District and deposited in the Community Facilities District Fund, and developer fees. The net pension liabilities will be financed by contributions made to the pension plans from the General Fund and Cafeteria Fund.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 10 - FUND BALANCES

The fund balances as of June 30, 2025 are as follows:

	General Fund	Capital Facilities Fund	Community Facilities District Fund	Rescue District Facilities Corporation Fund	Non-Major Governmental Funds	Totals
Nonspendable:						
Revolving Cash	\$ 5,750				\$ 700	\$ 6,450
Stores Inventory					13,588	13,588
Prepaid Expenditures	247,886				70,439	318,325
Total Nonspendable	253,636				84,727	338,363
Restricted:						
Categorical Programs	3,767,517					3,767,517
Food Services Program					3,322,455	3,322,455
Capital Projects		\$ 949,275			4,091,004	5,040,279
Debt Service			\$ 6,425,377	\$ 5,116,067	2,612,846	14,154,290
Total Restricted	3,767,517	949,275	6,425,377	5,116,067	10,026,305	26,284,541
Committed:						
Other Commitments	1,550,449					1,550,449
Assigned:						
Other Assignments	5,193,306				1,575,910	6,769,216
Unassigned:						
Economic Uncertainties	5,121,056					5,121,056
Totals	\$ 15,885,964	\$ 949,275	\$ 6,425,377	\$ 5,116,067	\$ 11,686,942	\$ 40,063,625

NOTE 11 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$1,924,938 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024-25, the District participated in one joint powers authority (JPA) for purposes of pooling risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 13 - JOINT VENTURES

The District participates in one joint venture under a joint powers agreement with Schools Insurance Authority (SIA) for workers' compensation, property and liability insurance. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - JOINT VENTURES (CONCLUDED)

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of representatives from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's Management.

NOTE 14 - 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 reimbursements will not be material.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 15 - RESTATEMENT OF NET POSITION / FUND BALANCE

The July 1, 2024 fund balance of the Community Facilities District Fund has been restated to reflect the overstatement of the cash with fiscal agent as reported to the District by the third party custodian.

The effects of the restatement on the current year financial statements are as follows:

	<u>Statement of Activities</u>
Net Position - July 1, 2024 (as originally stated)	\$ 49,545,904
Overstatement of Cash with Fiscal Agent	<u>(1,696,823)</u>
Net Position - July 1, 2024 (as restated)	<u>\$ 47,849,081</u>

RESCUE UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 15 - RESTATEMENT OF NET POSITION / FUND BALANCE (CONCLUDED)

	Community Facilities District Fund
Fund Balance - July 1, 2024 (as originally stated)	\$ 9,826,405
Overstatement of Cash with Fiscal Agent	<u>(1,696,823)</u>
Fund Balance - July 1, 2024 (as restated)	<u><u>\$ 8,129,582</u></u>

NOTE 16 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 8, 2025, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 23,783,482	\$ 23,603,942	\$ 23,603,942	
Local Sources	14,779,896	15,294,431	15,294,431	
Total LCFF Sources	38,563,378	38,898,373	38,898,373	
Federal Revenue	808,804	698,432	698,432	
Other State Revenue	5,479,405	5,525,615	5,525,615	
Other Local Revenue	3,423,799	4,807,642	4,807,642	
Total Revenues	48,275,386	49,930,062	49,930,062	
<u>Expenditures</u>				
Current:				
Certificated Salaries	20,912,824	20,729,990	20,729,990	
Classified Salaries	8,210,658	8,034,354	8,034,354	
Employee Benefits	11,616,629	10,952,160	10,952,160	
Books and Supplies	2,398,086	1,686,786	1,686,786	
Services and Other				
Operating Expenditures	6,606,088	5,928,343	5,928,343	
Capital Outlay	685,035	998,651	998,651	
Other Expenditures	1,780,949	1,757,851	1,757,851	
Total Expenditures	52,210,269	50,088,135	50,088,135	
Excess of Revenues (Under) Expenditures	(3,934,883)	(158,073)	(158,073)	
<u>Other Financing (Uses)</u>				
Operating Transfers Out	(792,624)	(792,625)	(792,625)	
Total Other Financing Sources (Uses)	(792,624)	(792,625)	(792,625)	
Net Change in Fund Balances	(4,727,507)	(950,698)	(950,698)	\$ 0
Fund Balances - July 1, 2024	16,836,662	16,836,662	16,836,662	
Fund Balances - June 30, 2025	\$ 12,109,155	\$ 15,885,964	\$ 15,885,964	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

RESCUE UNION SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0309%	\$ 20,778,270	\$ 9,533,142	\$ 30,311,412	\$ 20,401,770	101.85%	83.55%
2024	0.0308%	23,438,413	11,230,003	34,668,416	18,857,717	124.29%	80.62%
2023	0.0314%	21,830,689	10,932,724	32,763,413	18,249,433	119.62%	81.20%
2022	0.0302%	13,760,306	6,923,652	20,683,958	16,486,173	83.47%	87.21%
2021	0.0297%	28,760,570	14,826,077	43,586,647	16,083,602	178.82%	71.82%
2020	0.0298%	26,951,152	14,703,653	41,654,805	16,048,661	167.93%	72.56%
2019	0.0290%	26,979,000	15,447,000	42,426,000	15,884,248	169.85%	70.99%
2018	0.0300%	27,395,000	16,207,000	43,602,000	15,700,000	174.49%	69.46%
2017	0.0320%	25,564,000	14,555,000	40,119,000	15,752,060	162.29%	70.04%
2016	0.0290%	19,550,490	10,340,000	29,890,490	14,730,169	132.72%	74.02%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

RESCUE UNION SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2025

<u>Year Ended June 30</u>	<u>District's Proportion of the NPL</u>	<u>District's Proportionate Share of the NPL</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the NPL as a % of Covered Payroll</u>	<u>Plan Fiduciary Net Position As a % of Total Pension Liability</u>
2025	0.0376%	\$ 13,424,392	\$ 7,509,633	178.76%	72.29%
2024	0.0395%	14,314,340	6,916,736	206.95%	69.96%
2023	0.0407%	14,005,659	6,281,584	222.96%	69.76%
2022	0.0408%	8,298,131	5,920,836	140.15%	80.97%
2021	0.0400%	12,264,571	5,770,123	212.55%	70.00%
2020	0.0407%	11,850,766	5,673,740	208.87%	70.05%
2019	0.0420%	11,313,000	5,611,332	201.61%	70.85%
2018	0.0400%	9,645,000	5,151,743	187.22%	71.87%
2017	0.0410%	8,010,000	4,865,569	164.63%	73.90%
2016	0.0390%	5,766,792	4,332,000	133.12%	79.43%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

RESCUE UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2025	\$ 3,922,032	\$ 3,922,032	\$ 0	\$ 20,534,199	19.10%
2024	3,896,738	3,896,738	0	20,401,770	19.10%
2023	3,601,824	3,601,824	0	18,857,717	19.10%
2022	3,087,804	3,087,804	0	18,249,433	16.92%
2021	2,662,517	2,662,517	0	16,486,173	16.15%
2020	2,750,296	2,750,296	0	16,083,602	17.10%
2019	2,612,722	2,612,722	0	16,048,661	16.28%
2018	2,292,097	2,292,097	0	15,884,248	14.43%
2017	1,975,060	1,975,060	0	15,700,000	12.58%
2016	1,690,196	1,690,196	0	15,752,060	10.73%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

RESCUE UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	\$ 2,028,605	\$ 2,028,605	\$ 0	\$ 7,499,464	27.050%
2024	2,003,570	2,003,570	0	7,509,633	26.680%
2023	1,754,776	1,754,776	0	6,916,736	25.370%
2022	1,439,111	1,439,111	0	6,281,584	22.910%
2021	1,225,613	1,225,613	0	5,920,836	20.700%
2020	1,137,926	1,137,926	0	5,770,123	19.721%
2019	1,024,791	1,024,791	0	5,673,740	18.062%
2018	871,496	871,496	0	5,611,332	15.531%
2017	715,474	715,474	0	5,151,743	13.888%
2016	576,424	576,424	0	4,865,569	11.847%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

RESCUE UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There were no excess of expenditures over appropriations in the General Fund as of June 30, 2025.

B. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

C. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

A. Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

RESCUE UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 2 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS (CONCLUDED)

B. Changes of Assumptions

In January 2024, the CalSTRS board approved the actuarial assumptions based on the 2024 Experience Analysis presented to the board. The most significant changes were reducing the assumed payroll growth and changing the assumed life expectancy of retirees to more closely reflect recent trends. For full details on changes to the assumptions, see the CalSTRS 2024 Experience Analysis report available on the CalSTRS website.

There were no changes in assumptions since the previous valuation for CalPERS.

SUPPLEMENTARY INFORMATION SECTION

**RESCUE UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Cafeteria	Bond Interest and Redemption
<u>Assets</u>		
Deposits and Investments	\$ 3,265,213	\$ 2,612,846
Receivables	291,777	
Due from Other Funds	11,715	
Stores Inventory	13,588	
Prepaid Expenditures	70,439	
Total Assets	<u>\$ 3,652,732</u>	<u>\$ 2,612,846</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 16,776	
Due to Other Funds	207,142	
Unearned Revenue	21,632	
Total Liabilities	<u>245,550</u>	
Fund Balances:		
Nonspendable	84,727	
Restricted	3,322,455	\$ 2,612,846
Assigned		
Total Fund Balances	<u>3,407,182</u>	<u>2,612,846</u>
Total Liabilities and Fund Balances	<u>\$ 3,652,732</u>	<u>\$ 2,612,846</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**Rescue District
Facilities
Corporation
Debt
Service**

**County
School
Facilities**

**Capital
Projects -
Special
Reserve**

**Total
Non-Major
Governmental
Funds**

\$ (375,338)	\$ 3,613,717	\$ 783,286	\$ 9,899,724
			291,777
377,218	500,000	792,624	1,681,557
			13,588
			70,439
<u>\$ 1,880</u>	<u>\$ 4,113,717</u>	<u>\$ 1,575,910</u>	<u>\$ 11,957,085</u>
\$ 1,880	\$ 22,713		\$ 16,776
			231,735
			21,632
<u>1,880</u>	<u>22,713</u>		<u>270,143</u>
	4,091,004		84,727
		\$ 1,575,910	10,026,305
			1,575,910
<u>0</u>	<u>4,091,004</u>	<u>1,575,910</u>	<u>11,686,942</u>
<u>\$ 1,880</u>	<u>\$ 4,113,717</u>	<u>\$ 1,575,910</u>	<u>\$ 11,957,085</u>

**RESCUE 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**

	Cafeteria	Bond Interest and Redemption
<u>Revenues</u>		
Federal Revenue	\$ 785,127	
State Revenue	2,006,688	
Local Revenue	327,167	\$ 2,580,635
Total Revenues	<u>3,118,982</u>	<u>2,580,635</u>
<u>Expenditures</u>		
Current:		
Food Services	2,588,645	
Other General Administration	54,314	
Plant Services	151,264	
Facilities Acquisition and Construction	254,170	
Debt Service:		
Principal Retirement		2,261,900
Interest and Issuance Costs		293,464
Total Expenditures	<u>3,048,393</u>	<u>2,555,364</u>
Excess of Revenues Over (Under) Expenditures	70,589	25,271
<u>Other Financing Sources</u>		
Operating Transfers In	<u>1</u>	
Net Change in Fund Balances	70,590	25,271
Fund Balances - July 1, 2024	<u>3,336,592</u>	<u>2,587,575</u>
Fund Balances - June 30, 2025	<u><u>\$ 3,407,182</u></u>	<u><u>\$ 2,612,846</u></u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**Rescue District
Facilities
Corporation
Debt
Service**

**County
School
Facilities**

**Capital
Projects -
Special
Reserve**

**Total
Non-Major
Governmental
Funds**

			\$ 785,127
			2,006,688
\$ (4,242)	\$ 236,778	\$ 20,624	3,160,962
(4,242)	236,778	20,624	5,952,777
			2,588,645
			54,314
	169,311		320,575
	3,886,675		4,140,845
240,000			2,501,900
113,943			407,407
353,943	4,055,986	0	10,013,686
(358,185)	(3,819,208)	20,624	(4,060,909)
353,943	500,000	792,624	1,646,568
(4,242)	(3,319,208)	813,248	(2,414,341)
4,242	7,410,212	762,662	14,101,283
\$ 0	\$ 4,091,004	\$ 1,575,910	\$ 11,686,942

RESCUE UNION SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

P-2 Report				
	TK / K - 3	4 - 6	7 - 8	Totals
Regular ADA	1,474.74	1,115.46	802.58	3,392.78
Special Education - NPS / LCI	1.59	1.39	2.47	5.45
Totals	<u>1,476.33</u>	<u>1,116.85</u>	<u>805.05</u>	<u>3,398.23</u>
Annual Report				
	TK / K - 3	4 - 6	7 - 8	Totals
Regular ADA	1,477.87	1,115.83	803.18	3,396.88
Extended Year Special Education	1.43	0.87	0.62	2.92
Special Education - NPS / LCI	1.62	1.33	2.33	5.28
Extended Year - Special Education - NPS / LCI	0.10			0.10
Totals	<u>1,481.02</u>	<u>1,118.03</u>	<u>806.13</u>	<u>3,405.18</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	Number of Actual Days Offered (Traditional)	Status¹
Transitional Kindergarten	36,000	36,000	180	Complied
Kindergarten	36,000	51,805	180	Complied
Grade 1	50,400	50,680	180	Complied
Grade 2	50,400	50,680	180	Complied
Grade 3	50,400	50,680	180	Complied
Grade 4	54,000	54,060	180	Complied
Grade 5	54,000	54,060	180	Complied
Grade 6	54,000	54,486	180	Complied
Grade 7	54,000	54,486	180	Complied
Grade 8	54,000	54,486	180	Complied

¹ The District did not submit a J-13A Waiver Request for instructional minutes or instructional days during the 2024-25 fiscal year. Compliance is determined based on actual minutes and days offered.

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed Through El Dorado County Office of Education: Forest Reserve	10.665	10044	\$ 66,618
Passed Through California Department of Education (CDE): <i>Child Nutrition Cluster:</i>			
National School Lunch	10.555	13524	472,028
Basic Breakfast	10.553	13525	143,527
Local Food for Schools	10.555	15708	5,884
USDA Food Commodities	10.555	*	163,688
Supply Chain Assistance	10.555	15655	104,895
Subtotal Child Nutrition Cluster			890,022
Total U.S. Department of Agriculture			956,640
U.S. Department of Education:			
Passed Through CDE:			
Title I Part A Basic Grant Low-Income & Neglected	84.010	14329	137,578
Title II, Part A, Supporting Effective Instruction	84.367	14341	71,377
Title III English Learner Student Program	84.365	14346	31,576
Title IV, Part A Student Support & Academic Enrichment	84.424	15391	18,619
Title X McKinney-Vento Homeless Assistance	84.196A	14332	2,107
Passed Through El Dorado County SELPA: <i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	328,139
IDEA Part B Mental Health Services	84.027A	15197	42,418
Subtotal Special Education Cluster			370,557
Total U.S. Department of Education			631,814
Total			\$ 1,588,454

* Pass-Through Entity's Identification number is not available or not applicable.

The District provided no federal awards to subrecipients.

RESCUE UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Auditor's Comments

The audited financial statements of all funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2025.

RESCUE UNION SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	GENERAL FUND			
	(Budget) 2025-26	2024-25	2023-24	2022-23
Revenues and Other Financial Sources	\$ 50,174,418	\$ 49,930,062	\$ 51,988,415	\$ 51,147,095
Expenditures	52,590,892	50,088,135	50,706,836	44,475,301
Other Uses and Transfers Out	500,000	792,625	762,662	8
Total Outgo	53,090,892	50,880,760	51,469,498	44,475,309
Change in Fund Balance	(2,916,474)	(950,698)	518,917	6,671,786
Ending Fund Balance	\$ 12,969,490	\$ 15,885,964	\$ 16,836,662	\$ 16,317,745
Available Reserves	\$ 5,309,089	\$ 5,121,056	\$ 5,146,950	\$ 4,445,382
Reserve for Economic Uncertainties *	\$ 5,309,089	\$ 5,121,056	\$ 5,146,950	\$ 4,445,382
Available Reserves as a Percentage of Total Outgo	10.0%	10.1%	10.0%	10.0%
Average Daily Attendance at P-2	3,397	3,398	3,355	3,337
Total Long-Term Liabilities	\$ 55,416,820	\$ 58,161,193	\$ 63,549,129	\$ 69,313,255

* Reported balances are a component of available reserves.

The fund balance of the General Fund decreased \$431,781 (3%) over the past two years. The fiscal year 2025-26 budget projects a decrease of \$2,916,474. For a district 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 produced operating surpluses of \$518,917 and \$6,671,786 in fiscal years 2023-24 and 2022-23, respectively, and incurred an operating deficit of \$950,698 in fiscal year 2024-25.

Average daily attendance (ADA) increased 61 ADA over the past two years. The fiscal year 2025-26 budget projects 3,397 ADA.

Total long-term liabilities decreased \$11,152,062 over the past two years.

RESCUE UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

Average daily attendance 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.

C. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers, when applicable.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has not elected to use the 15 percent de minimis cost rate as allowed under the Uniform Guidance.

RESCUE UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

F. 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.

OTHER INFORMATION

RESCUE UNION SCHOOL DISTRICT
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ORGANIZATION

The District is located in Rescue, California. There were no changes in the boundaries of the District during the current year. The District was established in 1950, and operates five elementary schools and two middle schools.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Michael Gordon	President	December 2028
Kim White	Vice President	December 2026
Michelle Bebout	Clerk	December 2026
Michael Flaherty	Member	December 2028
Jamie Hunter	Member	December 2026

ADMINISTRATION

Jim Shoemake
Superintendent

Lisa Donaldson
Assistant Superintendent of Business Services

Dustin Haley
Assistant Superintendent of Curriculum and Instruction

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Rescue Union School District
Rescue, 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 the Rescue 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 8, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Rescue Union School District
Rescue, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rescue 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 Rescue Union School District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rescue 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 Rescue 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 Rescue 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 Rescue Union School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rescue 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 Rescue 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 Rescue 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 Rescue 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 Rescue 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.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Concluded)

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

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

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL
CONTROL OVER COMPLIANCE FOR STATE PROGRAMS**

Board of Trustees
Rescue Union School District
Rescue, California

Report on State Compliance

Opinion on State Compliance

We have audited Rescue Union School District's (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Educational 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, Rescue Union School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Educational Agencies and State Compliance Reporting (Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 Rescue Union School District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of 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 Educational 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 considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
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

Auditor's Responsibilities for the Audit of Compliance (Concluded)

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

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

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 instances of noncompliance which are required to be reported in accordance with the *Audit Guide* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2025-001**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

Other Matters (Concluded)

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

Report on Internal Control over Compliance

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

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 Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2025

FINDINGS AND QUESTIONED COSTS SECTION

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered
to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered
to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for
major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Federal Program</u>
84.027	Special Education Cluster

Dollar threshold used to distinguish between Type A
and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Type of auditor's report issued on compliance for
state programs: Unmodified

Any audit findings required to be reported in accordance
with the *2024-25 Guide for Annual Audits of K-12 Local
Educational Agencies and State Compliance Reporting*? X Yes No

Internal control over state programs:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered
to be material weaknesses? Yes X None reported

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2025.

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2025.

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

Reported in the 2023-24 audit as Finding 2024 - 001

2025 - 001 / 40000

EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program)

- Criteria:
1. As a condition of receiving apportionments under Section 46120(b)(1)(B), a local educational agency shall offer at least 30 non-school days, no less than nine hours of in-person expanded learning opportunities per day.
 2. In accordance with Education Code Section 46120(b)(2)(D), if the ELO Program serves transitional kindergarten or kindergarten pupils, it must maintain a pupil-to-staff member ratio of no more than 10 to 1 for those pupils, and a pupil-to-staff member ratio of no more than 20 to 1 for pupils in all other grades.
 3. In accordance with Education Code Section 8483.4(b), subdivision (c), when an local educational agency contracts with a third party to operate the ELO program, the local educational agency shall require the third party to notify the local educational agency by the next working day following, and to submit a written report within seven days of, the occurrence of any health or safety related issues, including, but not limited to, issues involving criminal background clearances for employees, building safety, and any event specified in subdivision (c).

- Conditions:
1. The District only offered 23 non-school days during 2024-25.
 2. The documentation maintained by the District does not adequately substantiate compliance with the pupil-to-staff ratio requirements.
 3. The required language was not included in the agreement with the El Dorado County Office of Education.

- Questioned Costs:
1. \$32,491 (\$966,986 x 7 days x .0048).
 - 2 & 3. None.

Context: The ELO Program offered during the 2024-25 fiscal year.

Effect: The District did not comply with all of the requirements of Education Code Section 46120.

RESCUE UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program) (Concluded)

- Causes:**
1. The El Dorado County Office of Education (EDCOE) operated the ELO program during the winter 2024 recess break. Although transportation was not offered to the parents, EDCOE confirmed with parents that transportation was not needed.
 2. The District was unsure how to document compliance with the criteria specified above.
 3. The agreement was signed in October 2024 before both parties knew of the required language of Education Code Section 8483.4(b), subdivision (c).
- Recommendations:** 1 & 2.
1. The District should review all of the requirements of Education Code Section 46120 to ensure compliance in future years.
 3. The District should review the 2025-26 agreement with El Dorado County Office of Education to ensure that the required language is included in the agreement.
- District Response:**
1. The District will continue to improve ensuring transportation is offered for all 30 additional required days.
 2. While EDCOE is meeting all of the required adult to student ratios, they are struggling to demonstrate it. We will continue to work with them for documentation. Adults are assigned to students daily based on the number of students attending each day.
 3. The District has corrected the language for the 2025-26 school year contract.

RESCUE UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS</u>		
2024 - 001 / 40000		
EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program)		
The District should review all of the requirements of Education Code Section 46120 to ensure compliance in future years.	Not Implemented	Comment Repeated (See 2025-001)
2024 - 002 / 72000		
SCHOOL ACCOUNTABILITY REPORT CARD - FACILITIES		
The District should establish appropriate procedures to ensure that future school accountability report card disclosures regarding school safety, cleanliness, and adequacy of school facilities, are supported by the most recently completed Facility Inspection Tool.	Implemented	
2024 - 003 / 10000		
ATTENDANCE - DIGITAL TEACHER SIGNATURES		
The District should enforce procedures that require attendance log reports to be signed annually by the teachers who recorded the attendance.	Implemented	