

MORAGA SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2025

MORAGA SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2025

FINANCIAL SECTION

Report on the Audit of the Financial Statements	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Notes to Financial Statements.....	17

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule	47
Schedule of Changes in Total OPEB Liability and Related Ratios	48
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS	49
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS	50
Schedule of District Contributions - CalSTRS	51
Schedule of District Contributions - CalPERS	52
Notes to Required Supplementary Information	53

SUPPLEMENTARY INFORMATION

Schedule of Average Daily Attendance (ADA)	55
Schedule of Instructional Time	56
Schedule of Financial Trends and Analysis	57
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	58
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60
Notes to Supplementary Information	61

OTHER INFORMATION

Local Education Agency Organization Structure	62
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OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Report on State Compliance and on Internal Control Over Compliance for State Programs.....	65

MORAGA SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results.....69
Financial Statement Findings70
State Award Findings and Questioned Costs71
Summary Schedule of Prior Audit Findings72

FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Moraga School District
Moraga, 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 Moraga School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Moraga School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter*Change in Accounting Principle*

As described in Note 1 to the financial statements, the Moraga School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Moraga 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 judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgement 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 Moraga 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Moraga School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moraga School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of the Moraga 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 Moraga 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 Moraga School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc".

San Diego, California
December 1, 2025

MORAGA SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

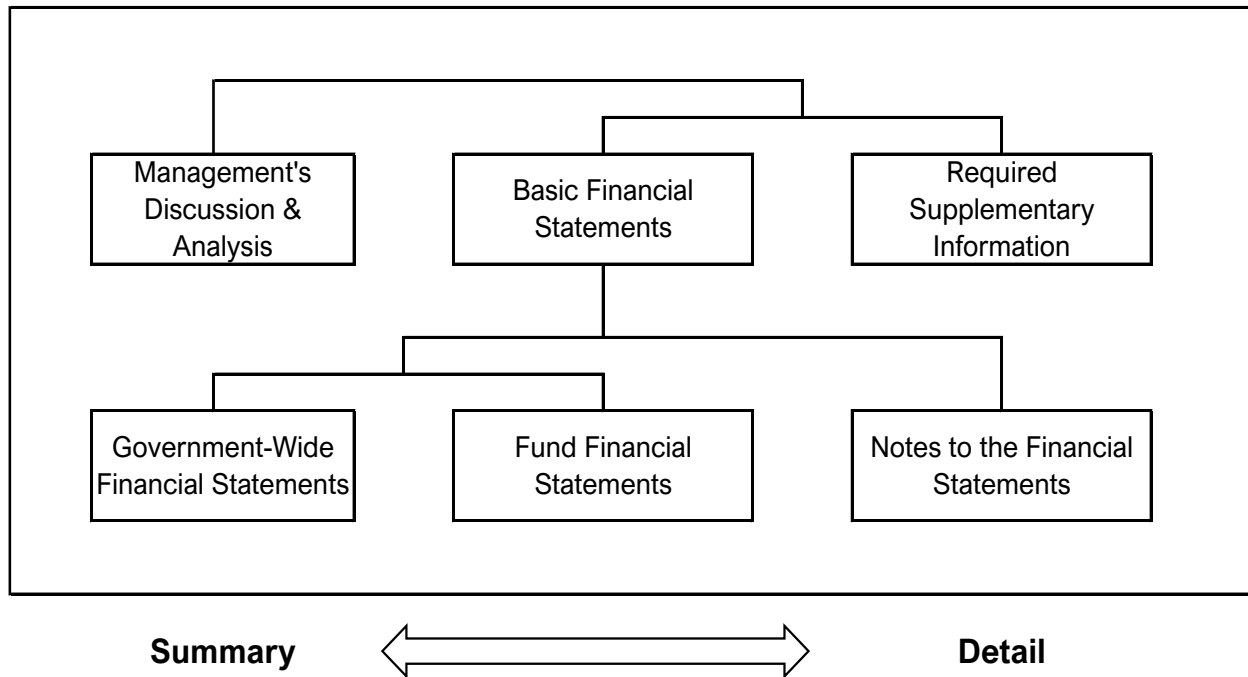
Our discussion and analysis of Moraga School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$5,221,684 at June 30, 2025. This was an increase of \$1,524,523, after restatement.
- Overall revenues were \$36,384,192 which exceeded expenses of \$34,859,669.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

Government-Wide Statements

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

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

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

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$5,221,684 at June 30, 2025, as reflected in the table below. Of this amount, \$(19,065,207) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 38,424,045	\$ 16,910,465	\$ 21,513,580
Capital assets	42,229,322	43,493,156	(1,263,834)
Total Assets	80,653,367	60,403,621	20,249,746
DEFERRED OUTFLOWS OF RESOURCES	7,480,542	8,373,055	(892,513)
LIABILITIES			
Current liabilities	4,672,545	1,669,394	3,003,151
Long-term liabilities	76,309,696	58,715,183	17,594,513
Total Liabilities	80,982,241	60,384,577	20,597,664
DEFERRED INFLOWS OF RESOURCES	1,929,984	1,601,915	328,069
NET POSITION			
Net investment in capital assets	10,822,007	7,105,870	3,716,137
Restricted	13,464,884	9,891,694	3,573,190
Unrestricted	(19,065,207)	(10,207,380)	(8,857,827)
Total Net Position	\$ 5,221,684	\$ 6,790,184	\$ (1,568,500)

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 427,226	\$ 205,404	\$ 221,822
Operating grants and contributions	3,685,041	3,858,774	(173,733)
Capital grants and contributions	250,009	5,879,240	(5,629,231)
General revenues			
Property taxes	20,412,272	18,190,212	2,222,060
Unrestricted federal and state aid	6,364,725	6,188,817	175,908
Other	5,244,919	3,838,085	1,406,834
Total Revenues	36,384,192	38,160,532	(1,776,340)
EXPENSES			
Instruction	18,515,128	18,663,955	(148,827)
Instruction-related services	3,634,390	3,650,486	(16,096)
Pupil services	3,108,775	3,079,469	29,306
General administration	2,568,076	2,749,498	(181,422)
Plant services	3,214,814	2,794,295	420,519
Ancillary and community services	1,800,982	1,676,437	124,545
Debt service	1,794,140	1,362,717	431,423
Other outgo	223,364	-	223,364
Total Expenses	34,859,669	33,976,857	882,812
Change in net position	1,524,523	4,183,675	(2,659,152)
Net Position - Beginning, as Restated*	3,697,161	2,606,509	1,090,652
Net Position - Ending	\$ 5,221,684	\$ 6,790,184	\$ (1,568,500)

**Beginning net position was restated for the 2024 year only.*

The cost of all our governmental activities this year was \$34,859,669 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$20,412,272 the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2025	2024
Instruction	\$ 16,555,255	\$ 11,160,476
Instruction-related services	3,482,408	3,473,863
Pupil services	1,224,760	1,217,608
General administration	2,521,099	2,549,727
Plant services	3,053,628	2,794,047
Ancillary and community services	1,660,871	1,475,001
Debt service	1,794,140	1,362,717
Transfers to other agencies	205,232	-
Total	\$ 30,497,393	\$ 24,033,439

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$37,856,372, which is more than last year's ending fund balance of \$16,397,758. The District's General Fund had \$186,117 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Building Fund had \$455,249 less in operating revenues than expenditures for the year ended June 30, 2025. The District's County Schools Facilities Fund had \$285,112 more in operating revenues than expenditures for the year ended June 30, 2025. The District's Bond Interest Redemption Fund had \$1,553,598 more in operating revenues than expenditures for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

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

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025, the District had invested \$42,229,322 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 2,639,887	\$ 2,639,887	\$ -
Construction in progress	305,369	-	305,369
Land improvements	6,568,719	6,538,557	30,162
Buildings & improvements	60,187,348	59,997,885	189,463
Furniture & equipment	813,003	771,431	41,572
Less: Accumulated depreciation	(28,285,004)	(26,454,604)	(1,830,400)
Total	\$ 42,229,322	\$ 43,493,156	\$ (1,263,834)

Long-Term Liabilities

At year-end, the District had \$76,309,696 in long-term Liabilities, an increase of 23.46% from last year, after restatement - as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 49,143,589	\$ 29,849,114	\$ 19,294,475
Energy Loan	6,483,234	6,729,695	(246,461)
Compensated absences*	3,263,557	3,149,322	114,235
Total OPEB liability	20,062	23,782	(3,720)
Net pension liability	20,721,267	22,784,360	(2,063,093)
Less: current portion of long-term liabilities	(3,322,013)	(728,067)	(2,593,946)
Total	\$ 76,309,696	\$ 61,808,206	\$ 14,501,490

*Compensated Absences for 2024 was restated in order to record the District's compensated absences in accordance with GASB Statement No. 101 which supersedes GASB Statement No. 16 for the year ended June 30, 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Long-Term Declining Enrollment

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

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Revenue Uncertainties

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

Pension Liabilities and Employer Rates

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

Economic and Market Conditions

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

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

Summary

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Moraga School District, Business Office, 1540 School Street, Moraga, California 94556.

MORAGA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 36,593,353
Accounts receivable	1,786,389
Prepaid expenses	44,303
Capital assets:	
Capital assets, not depreciated	2,945,256
Capital assets, net of accumulated depreciation	39,284,066
Total Assets	80,653,367
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	7,464,669
Deferred outflows related to OPEB	15,873
Total Deferred Outflows of Resources	7,480,542
LIABILITIES	
Accrued liabilities	1,350,532
Long-term liabilities, current portion	3,322,013
Long-term liabilities, non-current portion	76,309,696
Total Liabilities	80,982,241
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,818,453
Deferred inflows related to OPEB	111,531
Total Deferred Inflows of Resources	1,929,984
NET POSITION	
Net investment in capital assets	10,822,007
Restricted:	
Capital projects	6,644,493
Debt service	3,511,384
Educational programs	2,676,980
Food service	609,163
Associated student body	22,864
Unrestricted	(19,065,207)
Total Net Position	\$ 5,221,684

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

**MORAGA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 18,515,128	\$ 295,359	\$ 1,414,505	\$ 250,009	\$ (16,555,255)
Instruction-related services					
Instructional supervision and administration	1,348,955	49,105	81,479	-	(1,218,371)
Instructional library, media, and technology	328,502	1,312	20,086	-	(307,104)
School site administration	1,956,933	-	-	-	(1,956,933)
Pupil services					
Home-to-school transportation	434,800	26,508	306,082	-	(102,210)
Food services	1,237,719	-	1,267,633	-	29,914
All other pupil services	1,436,256	29,082	254,710	-	(1,152,464)
General administration					
Centralized data processing	534,130	-	-	-	(534,130)
All other general administration	2,033,946	1,686	45,291	-	(1,986,969)
Plant services	3,214,814	18,597	142,589	-	(3,053,628)
Ancillary services	72,706	-	11,953	-	(60,753)
Community services	1,728,276	15	128,143	-	(1,600,118)
Interest on long-term debt	1,794,140	-	-	-	(1,794,140)
Other outgo	223,364	5,562	12,570	-	(205,232)
Total Governmental Activities	\$ 34,859,669	\$ 427,226	\$ 3,685,041	\$ 250,009	(30,497,393)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					14,075,578
Property taxes, levied for debt service					3,177,332
Property taxes, levied for other specific purposes					3,159,362
Federal and state aid not restricted for specific purposes					6,364,725
Interest and investment earnings					986,086
Miscellaneous					4,258,833
Subtotal, General Revenue					32,021,916
CHANGE IN NET POSITION					1,524,523
Net Position - Beginning, as Restated					3,697,161
Net Position - Ending					\$ 5,221,684

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

**MORAGA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 6,145,517	\$ 17,779,018	\$ 6,125,287	\$ 4,294,243	\$ 2,249,288	\$ 36,593,353
Accounts receivable	1,787,057	-	-	-	(668)	1,786,389
Prepaid expenditures	44,303	-	-	-	-	44,303
Total Assets	\$ 7,976,877	\$ 17,779,018	\$ 6,125,287	\$ 4,294,243	\$ 2,248,620	\$ 38,424,045
LIABILITIES						
Accrued liabilities	\$ 495,766	\$ 42,744	\$ -	\$ -	\$ 29,163	\$ 567,673
Total Liabilities	495,766	42,744	-	-	29,163	567,673
FUND BALANCES						
Nonspendable	73,003	-	-	-	-	73,003
Restricted	1,608,756	17,736,274	6,125,287	4,294,243	2,219,457	31,984,017
Assigned	330,000	-	-	-	-	330,000
Unassigned	5,469,352	-	-	-	-	5,469,352
Total Fund Balances	7,481,111	17,736,274	6,125,287	4,294,243	2,219,457	37,856,372
Total Liabilities and Fund Balances	\$ 7,976,877	\$ 17,779,018	\$ 6,125,287	\$ 4,294,243	\$ 2,248,620	\$ 38,424,045

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

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

Total Fund Balance - Governmental Funds **\$ 37,856,372**

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

Capital assets	\$ 70,514,326	
Accumulated depreciation	<u>(28,285,004)</u>	42,229,322

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(782,859)

Long-term liabilities:

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

Total general obligation bonds	\$ 49,143,589	
Energy Loan	6,483,234	
Compensated absences	3,263,557	
Total OPEB liability	20,062	
Net pension liability	<u>20,721,267</u>	(79,631,709)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 7,464,669	
Deferred inflows of resources related to pensions	<u>(1,818,453)</u>	5,646,216

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 15,873	
Deferred inflows of resources related to OPEB	<u>(111,531)</u>	(95,658)

Total Net Position - Governmental Activities	<u>\$ 5,221,684</u>
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**MORAGA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 19,959,598	\$ -	\$ -	\$ -	\$ -	\$ 19,959,598
Federal sources	467,448	-	-	-	186,075	653,523
Other state sources	2,605,434	-	-	12,328	1,072,526	3,690,288
Other local sources	7,525,475	466,422	285,112	3,287,508	2,191,926	13,756,443
Total Revenues	30,557,955	466,422	285,112	3,299,836	3,450,527	38,059,852
EXPENDITURES						
Current						
Instruction	19,311,641	-	-	-	-	19,311,641
Instruction-related services						
Instructional supervision and administration	1,452,879	-	-	-	-	1,452,879
Instructional library, media, and technology	283,551	-	-	-	-	283,551
School site administration	1,995,920	-	-	-	-	1,995,920
Pupil services						
Home-to-school transportation	421,670	-	-	-	-	421,670
Food services	-	-	-	-	1,230,303	1,230,303
All other pupil services	1,544,930	-	-	-	-	1,544,930
General administration						
Centralized data processing	503,007	-	-	-	-	503,007
All other general administration	1,785,029	-	-	-	160,136	1,945,165
Plant services	2,826,301	15,145	-	-	-	2,841,446
Facilities acquisition and construction	6,815	751,366	-	-	-	758,181
Ancillary services	49,010	-	-	-	19,992	69,002
Community services	91,412	-	-	-	1,536,880	1,628,292
Transfers to other agencies	68,204	-	-	-	-	68,204
Debt service						
Principal	246,461	-	-	380,000	-	626,461
Interest and other	157,242	155,160	-	1,366,238	-	1,678,640
Total Expenditures	30,744,072	921,671	-	1,746,238	2,947,311	36,359,292
Excess (Deficiency) of Revenues Over Expenditures	(186,117)	(455,249)	285,112	1,553,598	503,216	1,700,560
Other Financing Sources (Uses)						
Other sources	-	18,000,000	-	1,758,054	-	19,758,054
Net Financing Sources (Uses)	-	18,000,000	-	1,758,054	-	19,758,054
NET CHANGE IN FUND BALANCE	(186,117)	17,544,751	285,112	3,311,652	503,216	21,458,614
Fund Balance - Beginning	7,667,228	191,523	5,840,175	982,591	1,716,241	16,397,758
Fund Balance - Ending	\$ 7,481,111	\$ 17,736,274	\$ 6,125,287	\$ 4,294,243	\$ 2,219,457	\$ 37,856,372

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

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

Net Change in Fund Balances - Governmental Funds \$ 21,458,614

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

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

Expenditures for capital outlay:	\$ 566,566	
Depreciation expense:	<u>(1,830,400)</u>	(1,263,834)

Debt service:

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

626,461

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(19,758,054)

Unmatured interest on long-term debt:

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

(354,239)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(114,235)

Postemployment benefits other than pensions (OPEB):

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

18,581

Pensions:

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

827,650

Amortization of debt issuance premium or discount:

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

83,579

Change in Net Position of Governmental Activities	<u>\$ 1,524,523</u>
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**MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

C. Basis of Presentation

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

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

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

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

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

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

Non-Major Governmental Funds

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

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

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

Governmental Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

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

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

Unearned Revenue

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

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

Expenses/Expenditures

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25 to 50 years
Furniture and Equipment	5 to 10 years
Vehicles	8 years

Interfund Balances

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

Compensated Absences

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences (continued)

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

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

Fund Balance

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

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

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

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

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

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 36,560,626
Fair value adjustment	(23,585)
Cash on hand and in banks	24,385
Cash in revolving fund	28,700
Local Agency Investment Fund (LAIF)	3,227
Total	\$ 36,593,353

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Contra Costa County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Local Agency Investment Fund (LAIF) – The District is considered to be a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in the pool is reported in the accompanying financial statement at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the LAIF, which is recorded on the amortized cost basis.

C. General Authorizations

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations (continued)

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$36,537,041. The average weighted maturity for this pool is 277 days. Investments consist of amounts on deposit with the Local Agency Investment Fund with a fair value of \$3,227.

E. Credit Risk

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

F. Custodial Credit Risk – Deposits

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

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

	<u>Uncategorized</u>
Investment in county treasury	\$ 36,537,041
Local Agency Investment Fund (LAIF)	<u>3,227</u>
Total	<u>\$ 36,540,268</u>

NOTE 3 – ACCOUNTS RECEIVABLE

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>
Federal Government			
Categorical aid	\$ 795,611	\$ 12	\$ 795,623
State Government			
Apportionment	556,913	-	556,913
Categorical aid	185,894	-	185,894
Lottery	99,132	-	99,132
Local Government			
Other local sources	149,507	(680)	148,827
Total	<u>\$ 1,787,057</u>	<u>\$ (668)</u>	<u>\$ 1,786,389</u>

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,639,887	\$ -	\$ -	\$ 2,639,887
Construction in progress	-	305,369	-	305,369
Total capital assets not being depreciated	2,639,887	305,369	-	2,945,256
Capital assets being depreciated				
Land improvements	6,538,557	30,162	-	6,568,719
Buildings & improvements	59,997,885	189,463	-	60,187,348
Furniture & equipment	771,431	41,572	-	813,003
Total capital assets being depreciated	67,307,873	261,197	-	67,569,070
Less: Accumulated depreciation				
Land improvements	5,407,858	114,586	-	5,522,444
Buildings & improvements	20,401,614	1,701,620	-	22,103,234
Furniture & equipment	645,132	14,194	-	659,326
Total accumulated depreciation	26,454,604	1,830,400	-	28,285,004
Total capital assets being depreciated, net	40,853,269	(1,569,203)	-	39,284,066
Governmental Activities				
Capital Assets, net	\$ 43,493,156	\$ (1,263,834)	\$ -	\$ 42,229,322

Depreciation expense was charged to various government functions as follows:

Governmental Activities	
Instruction	\$ 1,214,125
Instructional supervision and administration	47,331
Instructional library, media, and technology	38,567
School site administration	126,385
Home-to-school transportation	13,130
Food services	2,027
All other pupil services	51,972
Centralized data processing	19,745
All other general administration	112,394
Plant services	138,552
Ancillary services	3,704
Community services	62,468
Total	<u>\$ 1,830,400</u>

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 5 – ACCRUED LIABILITIES

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

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 75,045	\$ -	\$ 29,163	\$ -	\$ 104,208
Construction	-	42,744	-	-	42,744
Vendors payable	420,721	-	-	-	420,721
Unmatured interest	-	-	-	782,859	782,859
Total	\$ 495,766	\$ 42,744	\$ 29,163	\$ 782,859	\$ 1,350,532

NOTE 6 – LONG-TERM LIABILITIES

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

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 27,890,000	\$ 18,000,000	\$ 380,000	\$ 45,510,000	\$ 2,145,000
Unamortized premium	1,959,114	1,758,054	83,579	3,633,589	101,606
Total general obligation bonds	29,849,114	19,758,054	463,579	49,143,589	2,246,606
Energy Loan	6,729,695	-	246,461	6,483,234	813,831
Compensated absences*	3,149,322	114,235	-	3,263,557	261,576
Total OPEB liability	23,782	-	3,720	20,062	-
Net pension liability	22,784,360	-	2,063,093	20,721,267	-
Total	\$ 62,536,273	\$ 19,872,289	\$ 2,776,853	\$ 79,631,709	\$ 3,322,013

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

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for the energy loan are made in the General Fund.

A. General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
Election 2016, Series A	3/22/2017	8/1/2042	3.00 - 4.00%	12,000,000	10,505,000	\$ -	195,000	\$ 10,310,000
Election 2016, Series B	10/16/2019	8/1/2040	3.00 - 4.00%	12,000,000	9,645,000	-	115,000	9,530,000
Election 2016, Series C	9/16/2020	8/1/2044	0.20 - 4.00%	9,000,000	7,740,000	-	70,000	7,670,000
Election 2024, Series A	10/2/2024	8/1/2054	5.00%	18,000,000	-	18,000,000	-	18,000,000
					\$ 27,890,000	\$ 18,000,000	\$ 380,000	\$ 45,510,000

At an election held on November 8, 2016, voters provided the District with the ability to issue up to \$33,000,000 of General Obligation Bonds. The bonds were approved to finance the repair, renovation and/or construction of school facilities. In March 2017, the District issued \$12,000,000 of 2016 Series A general obligation bonds with interest rates ranging from 3.00% to 4.00% and are due in annual installments through August 2042.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize the 2016 Series A bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 225,000	\$ 386,538	\$ 611,538
2027	250,000	377,538	627,538
2028	280,000	367,538	647,538
2029	315,000	356,338	671,338
2030	350,000	343,738	693,738
2031 - 2035	2,355,000	1,515,625	3,870,625
2036 - 2040	3,600,000	994,213	4,594,213
2041 - 2043	2,935,000	225,375	3,160,375
Total	\$ 10,310,000	\$ 4,566,903	\$ 14,876,903

In October 2019, the District issued \$12,000,000 of 2016 Series B general obligation bonds with interest rates ranging from 3.00% to 4.00% and are due in annual installments through August 2044. The annual requirements to amortize the 2016 Series B bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 135,000	\$ 320,150	\$ 455,150
2027	155,000	314,750	469,750
2028	180,000	308,550	488,550
2029	205,000	301,350	506,350
2030	230,000	293,150	523,150
2031 - 2035	1,585,000	1,314,700	2,899,700
2036 - 2040	2,430,000	1,020,200	3,450,200
2041	4,610,000	519,200	5,129,200
Total	\$ 9,530,000	\$ 4,392,050	\$ 13,922,050

In September 2020, the District issued \$9,000,000 of 2016 Series C general obligation bonds with interest rates ranging from 0.20% to 4.00% and are due in annual installments through August 2044. The annual requirements to amortize the 2016 Series C bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 85,000	\$ 306,800	\$ 391,800
2027	105,000	303,400	408,400
2028	125,000	299,200	424,200
2029	145,000	294,200	439,200
2030	165,000	288,400	453,400
2031 - 2035	1,190,000	1,324,400	2,514,400
2036 - 2040	1,955,000	1,029,000	2,984,000
2041 - 2045	3,900,000	542,000	4,442,000
Total	\$ 7,670,000	\$ 4,387,400	\$ 12,057,400

In October 2024, the District issued \$18,000,000 of 2024 Series A general obligation bonds with interest rate of 5.00% and are due in annual installments through August 2044. The annual requirements to amortize the 2016 Series B bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	1,700,000	712,500	2,412,500
2027	1,805,000	815,000	2,620,000
2028	-	724,750	724,750
2029	-	724,750	724,750
2030	-	724,750	724,750
2031 - 2035	110,000	3,621,750	3,731,750
2036 - 2040	945,000	3,523,500	4,468,500
2041 - 2045	2,285,000	3,163,500	5,448,500
2046 - 2050	4,205,000	2,414,000	6,619,000
2051 - 2055	6,950,000	1,107,500	8,057,500
Total	\$ 18,000,000	\$ 17,532,000	\$ 35,532,000

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Energy Loan

On January 20, 2021, the Moraga School District (District) entered into an agreement with Bank of America Public Capital Corp (Corporation) in the amount of \$7,344,996 to fund energy projects at various school sites. The term of the agreement commenced January 1, 2021, and ends January 20, 2041, with an interest rate of 2.358% per annum.

<u>Year Ended June 30,</u>	<u>Payment</u>
2026	\$ 412,918
2027	422,430
2028	432,250
2029	442,387
2030	452,853
2031-2035	2,407,552
2036-2040	2,751,405
2041-2042	593,165
Total Minimum Payments	7,914,960
Less amount representing interest	(1,431,726)
Present value of minimum payments	<u>\$ 6,483,234</u>

C. Compensated Absences

Beginning total unpaid employee compensated absences was \$3,149,322 and increased by a net amount of \$114,235 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$3,263,557. This amount is included as part of long-term liabilities in the government-wide financial statements

D. Other Postemployment Benefits

The District's beginning total OPEB liability was \$23,782 and decreased by \$3,720 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was \$20,062. See Note 8 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$22,784,360 and decreased by \$2,063,093 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$20,721,267 See Note 9 for additional information regarding the net pension liability.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 7 – FUND BALANCES

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

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 28,700	\$ -	\$ -	\$ -	\$ -	\$ 28,700
Prepaid expenditures	44,303	-	-	-	-	44,303
Total non-spendable	73,003	-	-	-	-	73,003
Restricted						
Educational programs	1,608,756	-	-	-	1,068,224	2,676,980
Food service	-	-	-	-	609,163	609,163
Associated student body	-	-	-	-	22,864	22,864
Capital projects	-	17,736,274	6,125,287	-	519,206	24,380,767
Debt service	-	-	-	4,294,243	-	4,294,243
Total restricted	1,608,756	17,736,274	6,125,287	4,294,243	2,219,457	31,984,017
Assigned						
Universal TK	100,000	-	-	-	-	100,000
IT Replacement	130,000	-	-	-	-	130,000
Litigation	100,000	-	-	-	-	100,000
Total assigned	330,000	-	-	-	-	330,000
Unassigned	5,469,352	-	-	-	-	5,469,352
Total	\$ 7,481,111	\$ 17,736,274	\$ 6,125,287	\$ 4,294,243	\$ 2,219,457	\$ 37,856,372

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Moraga School District's defined benefit OPEB plan, Moraga School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the district. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	<u>Number of participants</u>
Inactive employees receiving benefits	2
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	23
Total number of participants**	25

*Information not provided

**As of the June 30, 2024 valuation date

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

For the measurement period, the District contributed \$4,800 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Certificated</u>
Benefit types provided	Medical, dental and vision
Duration of Benefits	36 months but not beyond age 65
Required Service	10 years in the last 15 years prior to retirement
Minimum Age	50
Dependent Coverage	No
District Contribution %	100%
District Cap	\$200 per month

E. Total OPEB Liability

The Moraga School District's total OPEB liability of \$20,062 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that June 30, 2024.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.50%
Salary increases	2.75%
Discount rate	5.20%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:

Classified	2021 CalPERS Active Mortality for Miscellaneous Employees Table
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Retirement rates:

Classified	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees
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MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions (continued):

The actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2024.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed eleven years.

G. Changes in Total OPEB Liability

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 1,081
Interest on total OPEB liability	862
Changes of assumptions	(863)
Benefits payments	(4,800)
Net change in total OPEB liability	(3,720)
Total OPEB liability - beginning	23,782
Total OPEB liability - ending	<u>\$ 20,062</u>
 Covered-employee payroll	 \$ 4,158,929
 District's total OPEB liability as a percentage of covered-employee payroll	 0.48%

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

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(4.20%)	(5.20%)	(6.20%)
Total OPEB liability	\$ 20,803	\$ 20,062	\$ 19,842

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The District's retiree health benefit is a fixed dollar amount and is not expected to increase along with increases in healthcare costs, the trend rate assumption doesn't have an impact on the measured liability.

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

For the year ended June 30, 2025, the Moraga School District recognized OPEB expense of \$13,781. At June 30, 2025, the Moraga School District reported deferred outflows and deferred inflow of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,401	\$ 108,210
Changes in assumptions	1,472	3,321
Total	<u>\$ 15,873</u>	<u>\$ 111,531</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 1,955	\$ 17,679
2027	1,955	17,679
2028	1,955	17,679
2029	1,955	17,679
2030	1,953	17,679
Thereafter	6,100	23,136
Total	<u>\$ 15,873</u>	<u>\$ 111,531</u>

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	\$ 12,277,710	\$ 4,963,960	\$ 1,533,080	\$ 1,320,870
CalPERS Pension	8,443,557	2,500,709	285,373	1,490,423
Total	\$ 20,721,267	\$ 7,464,669	\$ 1,818,453	\$ 2,811,293

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,364,619 for the year ended June 30, 2025.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,137,449 to CalSTRS.

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

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

District's proportionate share of the net pension liability	\$	12,277,710
State's proportionate share of the net pension liability associated with the District		5,633,142
Total	\$	17,910,852

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.018 percent, which was an decrease of 0.001 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,320,870. In addition, the District recognized pension expense and revenue of \$(538,211) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 49,540
Differences between expected and actual experience	1,388,767	536,897
Changes in assumptions	53,745	838,525
Changes in proportion and differences between District contributions and proportionate share of contributions	1,156,829	108,118
District contributions subsequent to the measurement date	2,364,619	-
Total	\$ 4,963,960	\$ 1,533,080

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

The \$2,364,619 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 574,253	\$ 1,203,979
2027	567,097	(659,349)
2028	485,014	388,486
2029	485,011	320,091
2030	334,927	139,663
2031	153,039	140,210
Total	<u>\$ 2,599,341</u>	<u>\$ 1,533,080</u>

Actuarial Assumptions

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	<u>100%</u>	

*Real return is net of assumed 2.75% inflation.

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 21,838,029	\$ 12,277,710	\$ 4,294,447

Pension Plan Fiduciary Net Position

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were \$1,274,324 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$8,443,557 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.024 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2023.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,490,423. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 327,983	\$ -
Differences between expected and actual experience	707,869	60,430
Changes in assumptions	186,631	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,902	224,943
District contributions subsequent to the measurement date	1,274,324	-
Total	<u>\$ 2,500,709</u>	<u>\$ 285,373</u>

The \$1,274,324 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 473,725	\$ 232,709
2027	773,852	52,664
2028	82,588	-
2029	(103,780)	-
Total	<u>\$ 1,226,385</u>	<u>\$ 285,373</u>

Actuarial Assumptions

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

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

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

Discount Rate

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 12,542,975	\$ 8,443,557	\$ 5,057,112

Pension Plan Fiduciary Net Position

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

B. Litigation

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

C. Construction Commitments

As of June 30, 2025, the District did not have commitments with respect to unfinished capital projects.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in three joint ventures under joint powers authorities (JPAs), the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation and health insurance; the Contra Costa and Solano Counties School District's Self-Insurance Authority for property and liability insurance; and the Schools Self-Insurance of Contra Costa County (SSICCC) for dental and vision coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to pensions was \$7,464,669 and total deferred inflows related to pensions was \$1,818,453.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$15,873 and total deferred inflows related to other postemployment benefits was \$111,531.

NOTE 13 – PARCEL TAXES

The Moraga School District has two existing school parcel taxes: Measure M (\$207/parcel) and Measure K (\$325/parcel). The tax was passed to maintain the high quality of Moraga Schools; continue funding for effective math, science, music and arts program; maintain manageable class sizes, keep schools safe and well maintained, keep school libraries open, keep classroom technically up to date; and attract and retain the best qualified teachers. Revenue of \$3,129,349 and expenditures of \$3,129,349 for the Measure M & K parcel tax for the year ended June 30, 2025 are included in these audited financial statements.

NOTE 14 – RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 14 – RESTATEMENT OF NET POSITION (continued)

The cumulative effect of applying GASB 101 required a restatement of the beginning net position, as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 6,790,184
Restatement	<u>(3,093,023)</u>
Net Position - Beginning, as Restated	<u>\$ 3,697,161</u>

NOTE 15 – SUBSEQUENT EVENTS

General Obligation Bonds

On September 10, 2024, the District issued \$52,000,000 of General Obligation Election 2024 Series A Bonds to finance the renovation, construction, and improvement of school facilities. Interest on bonds is payable on each February 1 and August 1 until maturity, commencing February 1, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

**MORAGA SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 19,630,178	\$ 19,810,895	\$ 19,959,598	\$ 148,703
Federal sources	461,720	461,722	467,448	5,726
Other state sources	2,501,650	2,825,004	2,827,556	2,552
Other local sources	6,059,630	6,286,630	7,475,100	1,188,470
Total Revenues	28,653,178	29,384,251	30,729,702	1,345,451
EXPENDITURES				
Certificated salaries	12,613,870	13,008,398	12,972,349	36,049
Classified salaries	4,487,648	4,534,945	4,493,176	41,769
Employee benefits	8,364,463	8,416,711	8,261,646	155,065
Books and supplies	521,540	648,621	517,628	130,993
Services and other operating expenditures	3,671,683	3,987,967	4,373,344	(385,377)
Capital outlay	-	5,780	5,780	-
Other outgo				
Excluding transfers of indirect costs	403,704	403,704	471,907	(68,203)
Transfers of indirect costs	(70,000)	(102,043)	(129,636)	27,593
Total Expenditures	29,992,908	30,904,083	30,966,194	(62,111)
NET CHANGE IN FUND BALANCE	(1,339,730)	(1,519,832)	(236,492)	1,283,340
Fund Balance - Beginning	7,376,735	6,635,320	6,635,320	-
Fund Balance - Ending	\$ 6,037,005	\$ 5,115,488	\$ 6,398,828	\$ 1,283,340

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

MORAGA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 1,081	\$ 966	\$ 960	\$ 2,460	\$ 2,394	\$ 20,862	\$ 19,512	\$ 18,990
Interest on total OPEB liability	862	396	341	504	456	6,985	6,139	6,034
Difference between expected and actual experience	-	17,751	-	(14,904)	-	(194,094)	-	-
Changes of assumptions	(863)	(903)	(78)	(750)	38	(2,429)	3,386	-
Benefits payments	(4,800)	(4,800)	-	(558)	-	(1,922)	(9,124)	(8,773)
Net change in total OPEB liability	(3,720)	13,410	1,223	(13,248)	2,888	(170,598)	19,913	16,251
Total OPEB liability - beginning	23,782	10,372	9,149	22,397	19,509	190,107	170,194	153,943
Total OPEB liability - ending	<u>\$ 20,062</u>	<u>\$ 23,782</u>	<u>\$ 10,372</u>	<u>\$ 9,149</u>	<u>\$ 22,397</u>	<u>\$ 19,509</u>	<u>\$ 190,107</u>	<u>\$ 170,194</u>
 Covered-employee payroll	 \$ 4,158,929	 \$ 4,247,376	 \$ 3,948,862	 \$ 3,805,616	 \$ 2,520,956	 \$ 2,811,448	 \$ 2,871,455	 \$ 2,871,455
 District's total OPEB liability as a percentage of covered-employee payroll	 0.48%	 0.56%	 0.26%	 0.24%	 0.89%	 0.69%	 6.62%	 5.93%

See accompanying notes to required supplementary information.

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.018%	0.019%	0.017%	0.018%	0.018%	0.018%	0.017%	0.017%	0.018%	0.019%
District's proportionate share of the net pension liability	\$ 12,277,710	\$ 14,442,484	\$ 12,001,184	\$ 8,124,710	\$ 17,486,521	\$ 15,861,952	\$ 15,644,617	\$ 15,694,758	\$ 14,479,186	\$ 8,129,877
State's proportionate share of the net pension liability associated with the District	5,633,142	6,919,926	6,010,228	4,088,124	9,014,231	8,653,823	8,957,319	9,284,962	8,173,860	4,809,606
Total	<u>\$ 17,910,852</u>	<u>\$ 21,362,410</u>	<u>\$ 18,011,412</u>	<u>\$ 12,212,834</u>	<u>\$ 26,500,752</u>	<u>\$ 24,515,775</u>	<u>\$ 24,601,936</u>	<u>\$ 24,979,720</u>	<u>\$ 22,653,046</u>	<u>\$ 12,939,483</u>
District's covered payroll	\$ 12,061,202	\$ 11,100,250	\$ 10,095,364	\$ 9,668,794	\$ 9,865,757	\$ 9,422,934	\$ 9,178,346	\$ 8,978,474	\$ 8,928,258	\$ 8,526,262
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.80%	130.11%	118.88%	84.03%	177.24%	168.33%	170.45%	174.80%	162.17%	95.35%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.00%	74.00%

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.024%	0.023%	0.025%	0.025%	0.025%	0.024%	0.025%	0.026%	0.026%	0.032%
District's proportionate share of the net pension liability	\$ 8,443,557	\$ 8,341,876	\$ 8,672,225	\$ 5,118,214	\$ 7,724,032	\$ 6,971,510	\$ 6,565,009	\$ 6,298,260	\$ 5,199,672	\$ 4,666,960
District's covered payroll	\$ 4,645,186	\$ 4,063,150	\$ 3,899,941	\$ 3,521,020	\$ 3,665,127	\$ 2,849,101	\$ 2,871,455	\$ 3,326,872	\$ 3,199,642	\$ 3,032,701
District's proportionate share of the net pension liability as a percentage of its covered payroll	181.77%	205.31%	222.37%	145.36%	210.74%	244.69%	228.63%	189.31%	162.51%	153.89%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	71.87%	73.90%

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

**MORAGA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	\$ 2,364,619	\$ 2,327,278	\$ 2,135,721	\$ 1,730,183	\$ 1,609,307	\$ 1,678,955	\$ 1,534,054	\$ 1,324,435	\$ 1,129,492	\$ 956,602
Contributions in relation to the contractually required contribution*	(2,364,619)	(2,327,278)	(2,135,721)	(1,730,183)	(1,609,307)	(1,678,955)	(1,534,054)	(1,324,435)	(1,129,492)	(956,602)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,463,659	\$ 12,061,202	\$ 11,100,250	\$ 10,095,364	\$ 9,668,794	\$ 9,865,757	\$ 9,422,934	\$ 9,178,346	\$ 8,978,474	\$ 8,928,258
Contributions as a percentage of covered payroll	18.97%	19.30%	19.24%	17.14%	16.64%	17.02%	16.28%	14.43%	12.58%	10.71%

*Amounts do not include on-behalf contributions

**MORAGA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 1,274,324	\$ 1,236,602	\$ 1,014,577	\$ 892,750	\$ 747,842	\$ 719,634	\$ 600,107	\$ 516,648	\$ 462,036	\$ 377,701
Contributions in relation to the contractually required contribution*	(1,274,324)	(1,236,602)	(1,014,577)	(892,750)	(747,842)	(719,634)	(600,107)	(516,648)	(462,036)	(377,701)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,732,037	\$ 4,645,186	\$ 4,063,150	\$ 3,899,941	\$ 3,521,020	\$ 3,665,127	\$ 2,849,101	\$ 2,871,455	\$ 3,326,872	\$ 3,199,642
Contributions as a percentage of covered payroll	26.93%	26.62%	24.97%	22.89%	21.24%	19.63%	21.06%	17.99%	13.89%	11.80%

*Amounts do not include on-behalf contributions

**MORAGA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the prior measurement date.

Changes in Assumptions

The discount rate assumption changed from 3.93% to 5.20% since the prior measurement date.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

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

MORAGA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Services and other operating expenditures	\$ 3,987,967	\$ 4,373,344	\$ 385,377
Other outgo			
Excluding transfers of indirect costs	\$ 403,704	\$ 471,907	\$ 68,203
Transfers of indirect costs	\$ (102,043)	\$ (129,636)	\$ (27,593)

SUPPLEMENTARY INFORMATION

**MORAGA SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	766.94	768.89
Extended Year Special Education	1.97	1.97
Special Education - Nonpublic Schools	1.85	1.83
Total TK/K through Third	<u>770.76</u>	<u>772.69</u>
Fourth through Sixth		
Regular ADA	556.44	557.04
Extended Year Special Education	0.89	0.89
Special Education - Nonpublic Schools	0.91	0.93
Extended Year Special Education - Nonpublic Schools	0.07	0.07
Total Fourth through Sixth	<u>558.31</u>	<u>558.93</u>
Seventh through Eighth		
Regular ADA	429.72	429.49
Extended Year Special Education	0.18	0.18
Special Education - Nonpublic Schools	0.87	0.89
Extended Year Special Education - Nonpublic Schools	0.04	0.04
Total Seventh through Eighth	<u>430.81</u>	<u>430.60</u>
TOTAL SCHOOL DISTRICT	<u>1,759.88</u>	<u>1,762.22</u>

**MORAGA SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	2024-25 Actual Instructional Minutes	Number of Days	Status
Kindergarten	36,000	58,175	180	Complied
Grade 1	50,400	55,715	180	Complied
Grade 2	50,400	55,715	180	Complied
Grade 3	50,400	57,045	180	Complied
Grade 4	54,000	57,045	180	Complied
Grade 5	54,000	57,045	180	Complied
Grade 6	54,000	57,655	180	Complied
Grade 7	54,000	57,655	180	Complied
Grade 8	54,000	57,655	180	Complied

MORAGA SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

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

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 30,656,280	\$ 30,729,702	\$ 28,967,532	\$ 29,394,970
Expenditures And Other Financing Uses	32,564,961	30,966,194	29,708,947	27,971,961
Net change in Fund Balance	\$ (1,908,681)	\$ (236,492)	\$ (741,415)	\$ 1,423,009
Ending Fund Balance	\$ 4,490,147	\$ 6,398,828	\$ 6,635,320	\$ 7,376,735
Available Reserves*	\$ 2,708,053	\$ 5,469,352	\$ 5,280,766	\$ 4,465,374
Available Reserves As A Percentage Of Outgo	8.32%	17.66%	17.78%	15.96%
Long-term Liabilities	\$ 76,309,696	\$ 79,631,709	\$ 59,443,250	\$ 57,972,497
Average Daily Attendance At P-2	1,760	1,760	1,730	1,681

The General Fund ending fund balance has decreased by \$977,907 over the past two years. The fiscal year 2025-26 budget projects a further decrease of \$1,908,681. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years and anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by \$21,659,212 over the past two years.

Average daily attendance has increased by 79 ADA over the past two years. No change in ADA is anticipated during the 2025-26 fiscal year.

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

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.

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

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2025, annual financial and budget report fund balance	\$ 6,398,828	\$ 1,082,283
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	1,082,283	(1,082,283)
Net adjustments and reclassifications	1,082,283	(1,082,283)
June 30, 2025, audited financial statement fund balance	<u>\$ 7,481,111</u>	<u>\$ -</u>

**MORAGA SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 22,864	\$ 1,097,937	\$ 609,281	\$ 455,587	\$ 63,619	\$ 2,249,288
Accounts receivable	-	(680)	12	-	-	(668)
Total Assets	\$ 22,864	\$ 1,097,257	\$ 609,293	\$ 455,587	\$ 63,619	\$ 2,248,620
LIABILITIES						
Accrued liabilities	\$ -	\$ 29,033	\$ 130	\$ -	\$ -	\$ 29,163
Total Liabilities	-	29,033	130	-	-	29,163
FUND BALANCES						
Restricted	22,864	1,068,224	609,163	455,587	63,619	2,219,457
Total Fund Balances	22,864	1,068,224	609,163	455,587	63,619	2,219,457
Total Liabilities and Fund Balances	\$ 22,864	\$ 1,097,257	\$ 609,293	\$ 455,587	\$ 63,619	\$ 2,248,620

See accompanying notes to supplementary information.

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

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	\$ -	\$ 186,075	\$ -	\$ -	\$ 186,075
Other state sources	-	25	1,072,501	-	-	1,072,526
Other local sources	11,954	2,100,735	26,546	49,730	2,961	2,191,926
Total Revenues	11,954	2,100,760	1,285,122	49,730	2,961	3,450,527
EXPENDITURES						
Current						
Pupil services						
Food services	-	-	1,230,303	-	-	1,230,303
General administration						
All other general administration	-	116,493	13,143	30,500	-	160,136
Ancillary services	19,992	-	-	-	-	19,992
Community services	-	1,536,880	-	-	-	1,536,880
Total Expenditures	19,992	1,653,373	1,243,446	30,500	-	2,947,311
NET CHANGE IN FUND BALANCE	(8,038)	447,387	41,676	19,230	2,961	503,216
Fund Balance - Beginning	30,902	620,837	567,487	436,357	60,658	1,716,241
Fund Balance - Ending	\$ 22,864	\$ 1,068,224	\$ 609,163	\$ 455,587	\$ 63,619	\$ 2,219,457

See accompanying notes to supplementary information.

**MORAGA SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the 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*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

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

OTHER INFORMATION

**MORAGA SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

The Moraga School District was established in 1864 and is comprised of an area of approximately 7 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District operates three elementary schools and one intermediate school.

GOVERNING BOARD

Member	Office	Term Expires
Martha White	President	2026
Kristin Kraetsch	Vice President	2026
Lee Hays	Member	2028
Stephanie Stoen	Member	2028
Larry Jacobs	Member	2026

DISTRICT ADMINISTRATORS

Julie Parks
Superintendent

Sana Ahmed
Assistant Superintendent of Business Services

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Moraga School District
Moraga, 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 Moraga School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Moraga School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 1, 2025

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Moraga School District
Moraga, California

Report on State Compliance***Opinion on State Compliance***

We have audited Moraga School District's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Moraga School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

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

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

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

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

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 1, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MORAGA SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2025 because federal award expenditures did not exceed \$750,000.

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

**MORAGA SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

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

**MORAGA SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

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

**MORAGA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings or questioned costs for the year ended June 30, 2024.