

**FORT SAGE UNIFIED SCHOOL DISTRICT  
COUNTY OF LASSEN  
HERLONG, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2025**

Fort Sage Unified School District  
Audit Report  
For The Year Ended June 30, 2025

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
 FINANCIAL SECTION		
Independent Auditor's Report.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	10	Exhibit A-1
Statement of Activities.....	11	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	12	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	13	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	14	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	15	Exhibit A-6
Notes to the Financial Statements .....	16	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	37	Exhibit B-1
Charter School Fund.....	38	Exhibit B-2
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California State Teachers Retirement System.....	39	Exhibit B-3
Schedule of District's Contributions - California State Teachers Retirement System.....	40	Exhibit B-4
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California Public Employees Retirement System.....	41	Exhibit B-5
Schedule of District's Contributions - California Public Employees Retirement System...	42	Exhibit B-6
 <u>Budgetary Comparison Schedules as Supplementary Information:</u>		
Special Revenue Funds:		
Budgetary Comparison Schedules:		
Adult Education Fund.....	43	Exhibit C-1
Cafeteria Fund.....	44	Exhibit C-2

Fort Sage Unified School District  
Audit Report  
For The Year Ended June 30, 2025

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
OTHER INFORMATION SECTION		
Local Education Agency Organization Structure.....	45	
SUPPLEMENTARY INFORMATION SECTION		
Schedule of Average Daily Attendance.....	46	Table D-1
Schedule of Instructional Time.....	47	Table D-2
Schedule of Financial Trends and Analysis.....	49	Table D-3
Reconciliation of Annual Financial and Budget Report		
With Audited Financial Statements.....	50	Table D-4
Schedule of Charter Schools.....	51	Table D-5
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> .....	52	
Independent Auditor's Report on State Compliance.....	54	
Schedule of Findings and Questioned Costs .....	59	
Summary Schedule of Prior Audit Findings.....	64	
Corrective Action Plan.....	65	

**Independent Auditor's Report**

To the Board of Trustees  
Fort Sage Unified School District  
Herlong, California 96113

**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 Fort Sage Unified School District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fort Sage Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Sage Unified 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fort Sage Unified 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 A to the financial statements, in 2025, Fort Sage Unified School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, Compensated absences and Statement No. 100, Accounting Changes and Error Corrections. Both of these Statements had a material effect on the financial statements. 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 Fort Sage Unified School District's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## **Required Supplementary Information**

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

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Sage Unified School District's basic financial statements. The accompanying individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements. The individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate 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 individual nonmajor fund financial statements and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information as identified in the table of contents 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 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 12, 2025 on our consideration of Fort Sage Unified 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 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 Fort Sage Unified School District's internal control over financial reporting and compliance.

Respectfully submitted,

*SingletonAuman PC*

SingletonAuman PC

Susanville, CA  
December 12, 2025

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **Management's Discussion and Analysis (MD&A)**

### **June 30, 2025**

#### **INTRODUCTION**

Our discussion and analysis of Fort Sage Unified 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 (including notes and supplementary information), which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$9,468,737 at June 30, 2025. This was an increase of \$940,026 over the prior year.
- ❑ Overall revenues were \$6,801,230 which was greater than expenses of \$5,861,204 by \$940,026.
- ❑ The general fund reported a fund balance this year of \$5,161,362 which is an increase of \$62,433 from last year.
- ❑ The total cost of the District's programs increased by \$975,661 over last year, due to higher plant services costs.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

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 the District operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the district's budget for the year is included.

#### **Government-Wide Statements**

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the assets and liabilities, are one way to measure the District's financial health or position.

- ❑ Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

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

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has one type of funds:

- ❑ Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.

## **FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

### **Net Position**

The District's combined net position was \$9,468,737 at June 30, 2025. See Table 1.

The significant changes in Table 1 line items for fiscal 2025 vs. 2024 are:

- Cash increased from the prior year due to revenue exceeding expenses.
- Net pension liability, deferred inflows and deferred outflows changed as a result of the most recent actuarial valuation.

**Table 1:  
Net Position**

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
<b>Assets</b>			
Cash in County Treasury	\$ 9,840,372	\$ 9,189,421	7.08%
Cash on Hand and in Banks	14,944	14,778	1.12%
Cash in Revolving Fund	12,997	12,997	0.00%
Accounts Receivable	554,765	200,669	176.46%
Other Current Assets	1,457	1,457	0.00%
Capital Assets, Net of Accumulated Depreciation	1,584,837	1,461,416	8.45%
<b>TOTAL ASSETS</b>	<b>\$ 12,009,372</b>	<b>\$ 10,880,738</b>	
<b>Deferred Outflow of Resources</b>			
Deferred Pension Expenses	\$ 1,064,392	\$ 1,099,733	-3.21%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,064,392</b>	<b>\$ 1,099,733</b>	
<b>Liabilities</b>			
Accounts Payable	\$ 265,566	\$ 95,913	176.88%
Unearned Revenue	383,087	250,295	53.05%
Net Pension Liability	2,551,613	2,804,314	-9.01%
Compensated Absenses	7,379	7,380	-0.01%
<b>TOTAL LIABILITIES</b>	<b>\$ 3,207,645</b>	<b>\$ 3,157,902</b>	
<b>Deferred Inflows of Resources</b>			
Deferred Pension Revenues	\$ 397,382	\$ 293,858	35.23%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 397,382</b>	<b>\$ 293,858</b>	
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 1,589,627	\$ 1,461,416	8.77%
Restricted for Federal and State Programs	704,029	1,112,725	-36.73%
Restricted for Capital Projects	64,054	58,790	8.95%
Restricted for Other Purposes	14,646	14,828	-1.23%
Unrestricted	7,096,381	5,880,952	20.67%
<b>TOTAL NET POSITION</b>	<b>\$ 9,468,737</b>	<b>\$ 8,528,711</b>	

### Changes in Net Position

The District's total revenues were \$6,801,230. A majority of the revenue comes from LCFF Sources 51.7%. Operating Grants & Contributions, Federal, State and local revenues comprise the remainder.

The total cost of all programs and services was \$5,861,204. The District's expenses are predominately related to educating and caring for students (70.1%). Administrative activities accounted for 7.7% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services and other outgo.

**Table 2:**  
**Changes in Net Position**

	Governmental Activities		Total Percentage
	2025	2024	Change 2025-2024
Revenues			
Program Revenues:			
Operating Grants & Contributions	\$ 2,600,841	\$ 1,768,578	47.06%
General Revenues			
LCFF Sources	3,515,689	3,102,891	13.30%
Federal Revenues	-	44,994	N/A
State Revenues	9,184	269,757	-96.60%
Local Revenues	675,516	773,239	-12.64%
Other Resources	-	962,889	N/A
<b>TOTAL REVENUES</b>	<b>6,801,230</b>	<b>6,922,348</b>	
Program Expenses			
Instruction	3,187,183	2,893,187	10.16%
Instruction-Related Services	525,106	423,750	23.92%
Pupil Services	420,020	259,130	62.09%
Ancillary Services	169,682	138,763	22.28%
General Administration	450,891	324,568	38.92%
Plant Services	1,092,249	836,240	30.61%
Other Outgo	16,073	9,905	62.27%
<b>TOTAL EXPENSES</b>	<b>5,861,204</b>	<b>4,885,543</b>	
CHANGE IN NET POSITION	<b>\$ 940,026</b>	<b>\$ 2,036,805</b>	

### Governmental Activities

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

The cost of all government activities this year was \$5,861,204.

Some of the costs were funded by operating grants and contributions \$2,600,841.

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 3,187,183	\$ 2,893,187	\$ 1,655,039	\$ 1,847,064
Instruction-Related Service	525,106	423,750	274,009	283,337
Pupil Services	420,020	259,130	174,847	103,533
Ancillary Services	169,682	138,763	92,752	85,449
General Administration	450,891	324,568	229,506	195,023
Plant Services	1,092,249	836,240	818,137	592,654
Other Outgo	16,073	9,905	16,073	9,905
<b>TOTAL</b>	<b>\$ 5,861,204</b>	<b>\$ 4,885,543</b>	<b>\$ 3,260,363</b>	<b>\$ 3,116,965</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,775,882 which is more than last year's ending fund balance of \$9,073,113 by \$702,749.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved on September 10, 2025. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2025, the District had invested \$1,584,837 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 4. During the year the District invested in a convection oven, school bus, and signs for both Sierra Primary and Herlong High. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4**  
**Capital Assets**

	Governmental Activities		Total Percentage
	2025	2024	Change 2025-2024
Land	\$ 101,961	\$ 101,961	0.00%
Buildings	2,980,436	2,980,436	0.00%
Improvements	1,052,559	962,071	9.41%
Machinery and Equipment	993,584	803,729	23.62%
Totals at Historical Cost	5,128,540	4,848,197	5.78%
Total Accumulated Depreciation	(3,543,703)	(3,386,781)	4.63%
<b>NET CAPITAL ASSETS</b>	<b>\$ 1,584,837</b>	<b>\$ 1,461,416</b>	

For the 2025-2026 fiscal year, the District anticipates spending \$213,668. This includes repairs to bleachers \$7,973, a new heater in the Sierra Primary front office \$5,675, a bobcat, vehicle, barn, shelter and other repairs for the Ag program at Herlong High.

### Pension Liabilities

**Table 5**  
**Net Pension Liability**

	Proportionate Share of Net Pension Liability		Total Percentage
	2025	2024	Change 2025-2024
CalSTRS	\$ 1,213,552	\$ 1,402,331	-13.46%
CalPERS	1,338,061	1,401,983	-4.56%
<b>TOTAL NET PENSION LIABILITY</b>	<b>\$ 2,551,613</b>	<b>\$ 2,804,314</b>	

## Other Long-Term Debt

At year end, the District had \$7,380 in Other Long-Term Debt, consisting of Compensated Absences, as shown in Table 6.

**Table 6**  
**Other Long-Term Debt**

	Governmental Activities		Total Percentage
	2025	2024	Change 2025-2024
Compensated Absences	7,380	8,313	-11.22%
<b>TOTAL OTHER LONG-TERM DEBT</b>	<b>\$ 7,380</b>	<b>\$ 8,313</b>	

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- ❑ The continuing increases to all aspects of running the District including salaries, benefits, facilities and transportation, could have a significant effect on the future financial health of the District.
- ❑ The inevitable increases in pension contributions which will be needed to pay the unfunded Net Pension Liability will require careful planning and budgeting.
- ❑ The funding status of the elementary school changing to necessary small school funding, has been helpful.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Heather Von Ins, Business Manager  
Fort Sage Unified School District  
PO Box 35  
Herlong, CA 96113  
530-827-2129



**FORT SAGE UNIFIED SCHOOL DISTRICT****STATEMENT OF NET POSITION**

JUNE 30, 2025

	Governmental Activities
<b>ASSETS:</b>	
<i>Cash in County Treasury</i>	\$ 9,840,372
<i>Cash on Hand and in Banks</i>	14,944
<i>Cash in Revolving Fund</i>	12,997
<i>Accounts Receivable</i>	554,765
<i>Stores Inventories</i>	1,457
Capital Assets:	
<i>Land</i>	101,961
<i>Land Improvements, Net</i>	663,060
<i>Buildings, Net</i>	407,713
<i>Equipment, Net</i>	412,103
Total Assets	<u>12,009,372</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
<i>Deferred Outflows of Resources - Pensions</i>	<u>1,064,392</u>
Total Deferred Outflows of Resources	<u>1,064,392</u>
<b>LIABILITIES:</b>	
<i>Accounts Payable</i>	265,566
<i>Unearned Revenue</i>	383,087
Noncurrent Liabilities:	
<i>Net Pension Liability</i>	2,551,613
<i>Due in more than one year</i>	<u>7,379</u>
Total Liabilities	<u>3,207,645</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
<i>Deferred Inflows of Resources - Pensions</i>	<u>397,382</u>
Total Deferred Inflows of Resources	<u>397,382</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	1,589,627
Restricted For:	
Federal and State Programs	704,029
Capital Projects	64,054
Other Purposes	14,646
Unrestricted	<u>7,096,381</u>
Total Net Position	<u>\$ 9,468,737</u>

The accompanying notes are an integral part of this statement.

**FORT SAGE UNIFIED SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position  Governmental Activities
<b>PRIMARY GOVERNMENT:</b>			
Governmental Activities:			
<i>Instruction</i>	\$ 3,187,183	\$ 1,532,144	\$ (1,655,039)
<i>Instruction-Related Services</i>	525,106	251,097	(274,009)
<i>Pupil Services</i>	420,020	245,173	(174,847)
<i>Ancillary Services</i>	169,682	76,930	(92,752)
<i>General Administration</i>	450,891	221,385	(229,506)
<i>Plant Services</i>	1,092,249	274,112	(818,137)
<i>Other Outgo</i>	16,073	--	(16,073)
Total Governmental Activities	5,861,204	2,600,841	(3,260,363)
Total Primary Government	\$ 5,861,204	\$ 2,600,841	(3,260,363)
General Revenues:			
<i>LCFF Sources</i>			3,515,689
<i>State Revenues</i>			9,184
<i>Local Revenues</i>			675,516
Total General Revenues			4,200,389
Change in Net Position			940,026
Net Position - Beginning			8,528,711
Net Position - Ending			\$ 9,468,737

The accompanying notes are an integral part of this statement.

**FORT SAGE UNIFIED SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2025

	General Fund	Charter School Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
<i>Cash in County Treasury</i>	\$ 5,326,430	\$ 4,495,468	\$ 18,474	\$ 9,840,372
<i>Cash on Hand and in Banks</i>	--	--	14,944	14,944
<i>Cash in Revolving Fund</i>	12,997	--	--	12,997
<i>Accounts Receivable</i>	368,796	158,573	27,396	554,765
<i>Due from Other Funds</i>	--	--	8,145	8,145
<i>Stores Inventories</i>	--	--	1,457	1,457
Total Assets	<u>5,708,223</u>	<u>4,654,041</u>	<u>70,416</u>	<u>10,432,680</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
<i>Accounts Payable</i>	\$ 192,125	\$ 71,605	\$ 1,836	\$ 265,566
<i>Due to Other Funds</i>	8,145	--	--	8,145
<i>Unearned Revenue</i>	346,591	36,496	--	383,087
Total Liabilities	<u>546,861</u>	<u>108,101</u>	<u>1,836</u>	<u>656,798</u>
Fund Balance:				
Nonspendable Fund Balances:				
<i>Stores Inventories</i>	--	--	1,457	1,457
Restricted Fund Balances	392,513	327,392	62,824	782,729
Assigned Fund Balances	9,070	4,218,548	4,299	4,231,917
Unassigned:				
<i>Other Unassigned</i>	4,759,779	--	--	4,759,779
Total Fund Balance	<u>5,161,362</u>	<u>4,545,940</u>	<u>68,580</u>	<u>9,775,882</u>
Total Liabilities and Fund Balances	<u>\$ 5,708,223</u>	<u>\$ 4,654,041</u>	<u>\$ 70,416</u>	<u>\$ 10,432,680</u>

The accompanying notes are an integral part of this statement.

**FORT SAGE UNIFIED SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2025*

Total fund balances - governmental funds balance sheet	\$ 9,775,882
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,589,627
Payables for compensated absences which are not due in the current period are not reported in the funds.	(7,380)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,551,613)
Deferred Resource Inflows related to the pension plans are not reported in the funds.	(397,382)
Deferred Resource Outflows related to the pension plans are not reported in the funds.	1,064,392
Other reconciling items	<u>(4,789)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 9,468,737</u>

The accompanying notes are an integral part of this statement.

**FORT SAGE UNIFIED SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Charter School Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
<i>State Apportionment or State Aid</i>	\$ 1,913,448	\$ 1,363,039	\$ --	\$ 3,276,487
<i>Education Protection Account Funds</i>	703,505	545,797	--	1,249,302
<i>Local Sources</i>	105,857	151,098	--	256,955
<i>Federal Revenue</i>	514,843	43,174	71,183	629,200
<i>Other State Revenue</i>	456,912	152,031	104,653	713,596
<i>Other Local Revenue</i>	371,397	294,792	9,502	675,691
Total Revenues	<u>4,065,962</u>	<u>2,549,931</u>	<u>185,338</u>	<u>6,801,231</u>
Expenditures:				
Current:				
<i>Instruction</i>	1,682,456	1,535,974	51,270	3,269,700
<i>Instruction - Related Services</i>	387,178	141,107	--	528,285
<i>Pupil Services</i>	242,412	1,582	133,957	377,951
<i>Ancillary Services</i>	153,013	2,000	9,029	164,042
<i>General Administration</i>	426,318	22,840	1,509	450,667
<i>Plant Services</i>	927,556	74,265	--	1,001,821
<i>Other Outgo</i>	16,073	--	--	16,073
<i>Capital Outlay</i>	228,523	61,400	--	289,923
Total Expenditures	<u>4,063,529</u>	<u>1,839,168</u>	<u>195,765</u>	<u>6,098,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,433</u>	<u>710,763</u>	<u>(10,427)</u>	<u>702,769</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	60,000	--	--	60,000
<i>Transfers Out</i>	--	(60,000)	--	(60,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>(60,000)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	62,433	650,763	(10,427)	702,769
Fund Balance, July 1	5,098,929	3,895,177	79,007	9,073,113
Fund Balance, June 30	<u>\$ 5,161,362</u>	<u>\$ 4,545,940</u>	<u>\$ 68,580</u>	<u>\$ 9,775,882</u>

The accompanying notes are an integral part of this statement.

**FORT SAGE UNIFIED SCHOOL DISTRICT**

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

Net change in fund balances - total governmental funds	\$	702,769
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		289,923
The depreciation of capital assets used in governmental activities is not reported in the funds.		(161,712)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.		(600,572)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		714,408
Other reconciling items		<u>(4,790)</u>
Change in net position of governmental activities - Statement of Activities	\$	<u>940,026</u>

The accompanying notes are an integral part of this statement.

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

### **A. Summary of Significant Accounting Policies**

Fort Sage Unified School District (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 accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### **1. Reporting Entity**

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- The organization is legally separate (can sue and be sued in its name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

#### **2. Basis of Presentation, Basis of Accounting**

##### **a. Basis of Presentation**

Government-wide Statements: The statement of net position and the statement of activities 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 revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Charter School Fund. This Fund accounts for all the financial resources of the Charter School.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Compensated Absences

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy, labor agreements, and applicable state and local regulations. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Vacation and sick leave may be carried forward from year to year, subject to limits established by policy.

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101



## **FORT SAGE UNIFIED SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability expected to be liquidated with expendable available financial resources is reported as a fund liability. The full liability is reported in the government-wide financial statements.

The District measured the liability based on a historical look-back period of three years with a last in first out flows assumption for use of accrued balances.

#### **4. Encumbrances**

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

#### **5. Assets, Liabilities, and Equity**

##### **a. Deposits and Investments**

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Lassen County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Lassen County Treasury was not available.

##### **b. Stores Inventories and Prepaid Expenditures**

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

##### **c. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not

## FORT SAGE UNIFIED SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	3-15
Furniture and Equipment	5-10
Computer Equipment	3-15
Lease Assets	3-15
Subscription Assets	3-15

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. 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.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the Government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Lassen bills and collects the taxes for the District.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

## **FORT SAGE UNIFIED SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

#### **6. Deferred Inflows and Deferred Outflows of Resources**

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

#### **7. GASB 54 Fund Presentation**

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 14 (Deferred Maintenance Fund), Fund 25 (Capital Facilities Fund) and Fund 40 (Special Reserve for Capital Projects Fund) are merged with the General Fund for purposes of presentation in the audit report.

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

8. 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 CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2023
Valuation Date (VD) (PERS)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

10. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

# FORT SAGE UNIFIED SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### 11. Implementation of New Standards

#### GASB Statement No. 100, Accounting Changes and Error Corrections

Effective for the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 100, Accounting Changes and Error Corrections. GASB 100 requires that changes to or within the financial reporting entity, including changes in fund classification, be reported by adjusting the beginning balances of the affected funds as if the change occurred at the start of the reporting period. The statement also requires enhanced disclosures regarding accounting changes and error corrections.

#### Error Corrections

No error corrections were identified or recorded during the fiscal year ended June 30, 2025.

#### GASB Statement No. 101, Compensated Absences

In the current fiscal year, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - should not be recognized until the leave commences. A liability for specific types of compensated absences should not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and for all reporting periods thereafter.

### B. Compliance and Accountability

#### 1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

#### Violation

None reported

#### Action Taken

Not applicable

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

2. Deficit Fund Balance or Fund Net Position of Individual Funds
- Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Excess of Expenditures Over Appropriations

As of June 30, 2025, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Other Outgo	\$ 16,073
Adult Education Fund:	
Employee Benefits	552
Cafeteria Fund:	
Classified Salaries	1,296
Employee Benefits	4,474

- General fund: The District incurred unanticipated expenditures for other outgo
- Adult Education Fund: The District incurred inflationary benefit increases.
- Cafeteria fund: The District incurred unanticipated expenditures for inflationary salary increases and employee benefits.

D. Cash and Investments

1. Cash in County Treasury:
- In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Lassen County Treasury as part of the common investment pool (\$104,566,856 as of June 30, 2025). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$9,840,372. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.
2. Cash on Hand, in Banks, and in Revolving Fund
- Cash balances on hand and in banks (\$14,944 as of June 30, 2025) and in the revolving fund (\$12,997) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

## **FORT SAGE UNIFIED SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

#### **3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

##### **a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

##### **b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

##### **c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

##### **d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

##### **e. Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

#### **4. Investment Accounting Policy**

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

# FORT SAGE UNIFIED SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

### E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 101,961	\$ --	\$ --	\$ 101,961
Total capital assets not being depreciated	101,961	--	--	101,961
 <i>Capital assets being depreciated:</i>				
Buildings	2,980,436	--	--	2,980,436
Improvements	962,071	90,488	--	1,052,559
Equipment	803,728	199,435	9,535	993,584
Total Capital assets being depreciated	4,746,235	289,923	9,535	5,128,540
Less capital assets being depreciated				
Buildings	(2,542,899)	(29,824)	--	(2,572,724)
Improvements	(322,367)	(67,132)	--	(389,499)
Equipment	(521,515)	(64,756)	(4,790)	(581,481)
Total accumulated depreciation	(3,275,516)	(161,712)	(4,790)	(3,543,704)
Total capital assets being depreciated, net	927,226	432,228	4,745	1,584,836
Governmental activities capital assets, net	\$ 1,029,187	\$ 432,228	\$ 4,745	\$ 1,584,836

Depreciation was charged to functions as follows:

Instruction	\$ 30,921
Instruction-Related Services	2,311
Pupil Services	36,532
Ancillary Services	7,945
Plant Services	84,003
	<u>\$ 161,712</u>

### F. Interfund Balances and Activities

#### 1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Cafeteria Special Revenue Fund	\$ 8,145	Incorrectly posted Revenue from LCOE
	Total	<u>\$ 8,145</u>	

All amounts due are scheduled to be repaid within one year.



# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

### **2. Transfers To and From Other Funds**

Transfers to and from other funds at June 30, 2025, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Charter School Fund	General Fund	\$ 60,000	3% Admin Fee
	Total	<u>\$ 60,000</u>	

### **G. Long-Term Obligations**

#### **1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences *	8,313	--	933	7,380	--
Total governmental activities	<u>\$ 8,313</u>	<u>\$ --</u>	<u>\$ 933</u>	<u>\$ 7,380</u>	<u>\$ --</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

#### **2. Debt Service Requirements**

Debt service requirements on long-term debt at June 30, 2025, are as follows:

	<u>Governmental Activities</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 7,380	\$ --	\$ 7,380
Totals	<u>\$ 7,380</u>	<u>\$ --</u>	<u>\$ 7,380</u>

### **H. Joint Ventures (Joint Powers Agreements)**

The District participates in six Joint Powers Agreements (JPA's). (1) The Northern California Schools Insurance Group, (2) The Schools Excess Liability Fund, (3) The Northern California Regional Excess Liability Fund for Workers Compensation Insurance (4) The North Valley Insurance Group for Workers Compensation, (5) the California Valued Trust for Dental, Vision and Life Insurance, (6) the Tri-County Schools Insurance Group for Medical Insurance.

An executive committee consisting of representatives from each member's District governs the JPA's. The governing boards control the operations of their JPA's, independent of any influence by the District beyond the District's representation on the governing boards.

The JPA's are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. The budget is not subject to any approval other than that of the executive committee. The relationship between the District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

# FORT SAGE UNIFIED SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### I. Pension Plans

#### 1. General Information About the Pension Plans

##### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

##### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2025)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2025)	19.100%	19.100%
Required State Contribution Rates (at June 30, 2025)	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based , in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2025)	7.000%	8.000%
Required Employer Contribution Rates (at June 30, 2025)	26.810%	26.810%

\*Amounts are limited to 120% of Social Security Wage Base

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2025 (measurement date June 30, 2024), California Education Code Section 22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board remains at 19.1% of creditable compensation for the fiscal year ended June 30, 2025. Beginning in the fiscal year June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

CalPERS

California Public Employees' Retirement Law section 20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2025 (measurement date June 30, 2024) the employee contribution rate was 8.00% and the employer contribution rate was 26.680% of covered payroll.

On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2025 (measurement date June 30, 2024) the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

<u>CalSTRS</u>			
<u>Year Ended June 30,</u>	<u>On Behalf Contribution Rate</u>	<u>On Behalf Contribution Amount</u>	<u>On Behalf Pension Expense</u>
2023	10.828%	\$ 131,378	\$ 98,507
2024	10.828%	137,480	135,803
2025	10.828%	106,503	256,426

The State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year under Senate Bill 90. In addition, CalSTRS received \$297 million during the 2021-22 fiscal year from Proposition 2 funds to offset previously forgone State contributions.

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

### **d. Contributions Recognized**

For the fiscal year ended June 30, 2025 (measurement period June 30, 2024), the contributions recognized for each plan were:

Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 244,418	\$ 249,651	\$ 494,069
Contributions - State On Behalf Payments	256,426	--	256,426
Total Contributions	<u>\$ 500,844</u>	<u>\$ 249,651</u>	<u>\$ 750,495</u>

  

Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 212,910	\$ 201,008	\$ 413,918
Contributions - State On Behalf Payments	106,503	--	106,503
Total Contributions	<u>\$ 319,413</u>	<u>\$ 201,008</u>	<u>\$ 520,421</u>

### **2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2025 (measured June 30, 2024), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 1,213,552
CalPERS	1,338,061
Total Net Pension Liability	<u>\$ 2,551,613</u>

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to measurement date June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2024 and June 30, 2025 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2024	0.0019%	0.0012%	0.0031%	0.0039%
Proportion June 30, 2025	0.0017%	0.0009%	0.0025%	0.0037%
Change in Proportion	-0.0002%	-0.0003%	-0.0005%	-0.0001%

\*Represents State's Proportionate Share on Behalf of District employees

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

### **a. Pension Expense**

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (180,696)	\$ (63,922)	\$ (244,618)
State On Behalf Pension Expense	256,426	--	256,426
Employer Contributions to Pension Expense	244,418	249,651	494,069
Change in Contributions Subsequent to Measurement Date	(31,508)	(48,643)	(80,151)
Change in Other Outflows/Inflows of Resources	90,236	146,017	236,253
Total Pension Expense	<u>\$ 378,876</u>	<u>\$ 283,103</u>	<u>\$ 661,979</u>

### **b. Deferred Outflows and Inflows of Resources**

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 244,418	\$ 249,651	\$ 494,069
Differences between actual and expected experience	136,852	128,079	264,931
Changes in assumptions	5,907	88,045	93,952
Change in employer's proportionate share	44,481	120,195	164,676
Net difference between projected and actual earnings		46,764	46,764
Total Deferred Outflows of Resources	<u>\$ 431,658</u>	<u>\$ 632,734</u>	<u>\$ 1,064,392</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (62,558)	\$ (14,611)	\$ (77,169)
Change in employer's proportionate share	(197,774)	(37,358)	(235,132)
Changes in assumptions	(85,081)		(85,081)
Net difference between projected and actual earnings	--	--	--
Total Deferred Inflows of Resources	<u>\$ (345,413)</u>	<u>\$ (51,969)</u>	<u>\$ (397,382)</u>

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2026. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2026	\$ 295,505	\$ 366,755	\$ (96,938)	\$ (14,270)	\$ 551,052
2027	51,085	163,654	(89,915)	(14,269)	110,555
2028	25,892	73,735	(87,154)	(14,092)	(1,619)
2029	25,892	11,236	(43,045)	(9,338)	(15,255)
2030	25,892	17,354	(14,180)	--	29,066
Thereafter	7,392	--	(14,181)	--	(6,789)
Total	<u>\$ 431,658</u>	<u>\$ 632,734</u>	<u>\$ (345,413)</u>	<u>\$ (51,969)</u>	<u>\$ 667,010</u>

## FORT SAGE UNIFIED SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

#### c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2025 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2025	June 30, 2025
Measurement Date	June 30, 2024	June 30, 2024
Valuation Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	-3	-19
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.3%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	6.90%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was updated to use the MP-2021 Ultimate Projection Scale, applied generationally, based on mortality improvement through June 30, 2023.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% unless purchasing power protection allowance (PPPA) applies, at which point it increases to the applicable amount as determined under PPPA provisions
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table incorporates generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS June 30, 2024, actuarial valuation report that can be found on the CalPERS website.

#### d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the discount bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

## FORT SAGE UNIFIED SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed its most recent ALM study with new policies in effect in July, 2023. CalPERS is conducting its next ALM study with stakeholder engagement and continues to follow a four-year cycle for these reviews.

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, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 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 rounded down to the nearest quarter of one percent.

The tables below reflect the 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 rates of return are net of administrative expenses.

#### CalSTRS

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Public Equity	38.00%	5.25%
Private Equity	14.00%	6.75%
Real Estate	15.00%	4.05%
Inflation Sensitive	7.00%	3.65%
Fixed Income	14.00%	2.45%
Risk Mitigating Strategies	10.00%	2.25%
Cash/Liquidity	2.00%	0.05%

\* Real return is net of assumed 2.75% inflation

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

CalPERS			
Asset Class(1)	Assumed Asset Allocation	Long Term Expected Real Rate of Return	1,2
Global Equity - cap weighted	30.00%	4.54%	
Global Equity - non-cap weighted	12.00%	3.84%	
Private Equity	13.00%	7.28%	
Treasury	5.00%	0.27%	
Mortgage-backed Securities	5.00%	0.50%	
Investment Grade Corporates	10.00%	1.56%	
High Yield	5.00%	2.27%	
Emerging Market Debt	5.00%	2.48%	
Private Debt	5.00%	3.57%	
Real Assets	15.00%	3.21%	
Leverage	-5.00%	-0.59%	

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

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

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, 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 or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 2,029,762	\$ 1,987,700
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 1,213,552	\$ 1,338,061
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 399,153	\$ 801,407



# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

### **3 Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability**

#### CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2024</b> (Previously Reported)	\$ 11,997,484	\$ 9,672,927	\$ 2,324,557	\$ 911,776	\$ 1,412,781
<b>Changes for the year:</b>					
CalSTRS Auditor Adjustment	--	--	--	--	--
Change in Prop share	(1,977,192)	(1,594,104)	(383,088)	(264,278)	(118,810)
Service Cost	221,917	--	221,917	73,994	147,923
Interest	710,054	--	710,054	236,753	473,301
Differences between expected and actual experience	77,618	--	77,618	25,880	51,738
Change in assumptions	--	--	--	--	--
Change in benefits	841	--	841	280	561
Contributions:					
Employer	--	218,833	(218,833)	(72,965)	(145,868)
Employee	--	120,696	(120,696)	(40,244)	(80,452)
State On Behalf Payments	--	100,584	(100,584)	(33,538)	(67,046)
Net Investment Income	--	667,154	(667,154)	(222,449)	(444,705)
Other Income	--	9,967	(9,967)	(3,323)	(6,644)
Benefit Payments, including refunds of employee contributions	(489,105)	(489,105)	0	--	0
Administrative expenses	--	5,175	(5,175)	(1,725)	(3,450)
Borrowing Costs	--	8,488	(8,488)	(2,830)	(5,658)
Other Expenses	--	178	(178)	(59)	(119)
<b>Net Changes</b>	<b>(1,455,867)</b>	<b>(952,134)</b>	<b>(503,733)</b>	<b>(304,504)</b>	<b>(199,229)</b>
<b>Balance at June 30, 2025</b>	<b>\$ 10,541,617</b>	<b>\$ 8,720,793</b>	<b>\$ 1,820,824</b>	<b>\$ 607,272</b>	<b>\$ 1,213,552</b>

(1)-INCLUDES REFUNDS OF EMPLOYEE CONTRIBUTIONS

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2024</b> (Previously Reported)	\$ 4,667,490	\$ 3,265,507	\$ 1,401,983
<b>Changes for the year:</b>			
Change in Proportionate Share	(155,462)	(108,766)	(46,696)
Service Cost	116,032	--	116,032
Interest	315,126	--	315,126
Differences between expected and actual experience	108,457	--	108,457
Change in Assumptions	--	--	--
Contributions:			
Employer	--	201,010	(201,010)
Employee	--	57,439	(57,439)
Net Investment Income	--	301,005	(301,005)
Plan to Plan Resource Movement	--	--	--
Benefit Payments, including refunds of employee contributions	(222,914)	(222,914)	--
Administrative expenses	--	(2,613)	2,613
Other expenses	--	--	--
Net Changes	161,239	225,161	(63,922)
<b>Balance at June 30, 2025</b>	<u>\$ 4,828,729</u>	<u>\$ 3,490,668</u>	<u>\$ 1,338,061</u>

(1) - Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

J. Commitments and Contingencies

Litigation

The District is not involved in litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

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

K. Subsequent Events

Subsequent events were evaluated through December 12, 2025, the date that the financial statements were available to be issued.

**FORT SAGE UNIFIED SCHOOL DISTRICT****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2025****L. Deferred Resources**

As of June 30, 2025 Deferred Outflows of Resources consisted of:

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Governmental Activities				
Pension Related				
CalSTRS	\$ 397,103	\$ 232,542	\$ 195,224	\$ 434,421
CalPERS	<u>700,235</u>	<u>275,878</u>	<u>343,379</u>	<u>632,734</u>
Total Governmental Activities	<u>1,097,338</u>	<u>508,420</u>	<u>538,603</u>	<u>1,067,155</u>
Total Deferred Outflows of Resources	<u>\$ 1,097,338</u>	<u>\$ 508,420</u>	<u>\$ 538,603</u>	<u>\$ 1,067,155</u>

As of June 30, 2025 Deferred Inflows of Resources consisted of:

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Governmental Activities				
Pension Related				
CalSTRS	\$ 249,367	\$ 217,996	\$ 121,950	\$ 345,413
CalPERS	<u>22,096</u>	<u>46,697</u>	<u>16,824</u>	<u>51,969</u>
Total Governmental Activities	<u>271,463</u>	<u>264,693</u>	<u>138,774</u>	<u>397,382</u>
Total Deferred Outflows of Resources	<u>\$ 271,463</u>	<u>\$ 264,693</u>	<u>\$ 138,774</u>	<u>\$ 397,382</u>

# FORT SAGE UNIFIED SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
<i>State Apportionment or State Aid</i>	\$ 1,913,448	\$ 2,560,137	\$ 1,913,448	\$ (646,689)
<i>Education Protection Account Funds</i>	703,505	553,550	703,505	149,955
<i>Local Sources</i>	105,584	148,608	105,857	(42,751)
<i>Federal Revenue</i>	536,420	712,101	514,843	(197,258)
<i>Other State Revenue</i>	1,092,824	1,064,314	456,912	(607,402)
<i>Other Local Revenue</i>	939,761	957,732	371,397	(586,335)
Total Revenues	<u>5,291,542</u>	<u>5,996,442</u>	<u>4,065,962</u>	<u>(1,930,480)</u>
Expenditures:				
Current:				
<i>Certificated Salaries</i>	1,072,724	1,234,681	1,000,998	233,683
<i>Classified Salaries</i>	732,570	836,669	644,152	192,517
<i>Employee Benefits</i>	956,780	1,064,717	763,934	300,783
<i>Books And Supplies</i>	389,729	342,412	168,086	174,326
<i>Services And Other Operating Expenditures</i>	1,585,169	1,799,902	1,243,272	556,630
<i>Other Outgo</i>	--	--	16,073	(16,073)
<i>Direct Support/Indirect Costs</i>	19,235	22,233	(1,509)	23,742
<i>Capital Outlay</i>	297,820	258,640	228,523	30,117
Total Expenditures	<u>5,054,027</u>	<u>5,559,254</u>	<u>4,063,529</u>	<u>1,495,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>237,515</u>	<u>437,188</u>	<u>2,433</u>	<u>(434,755)</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	60,000	64,331	60,000	(4,331)
<i>Other Sources</i>	56,219	56,219	--	(56,219)
Total Other Financing Sources (Uses)	<u>116,219</u>	<u>120,550</u>	<u>60,000</u>	<u>(60,550)</u>
Net Change in Fund Balance	353,734	557,738	62,433	(495,305)
Fund Balance, July 1	5,098,929	5,098,929	5,098,929	--
Fund Balance, June 30	<u>\$ 5,452,663</u>	<u>\$ 5,656,667</u>	<u>\$ 5,161,362</u>	<u>\$ (495,305)</u>

# FORT SAGE UNIFIED SCHOOL DISTRICT

EXHIBIT B-2

CHARTER SCHOOL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
<i>State Apportionment or State Aid</i>	\$ 1,363,039	\$ 1,696,538	\$ 1,363,039	\$ (333,499)
<i>Education Protection Account Funds</i>	545,797	345,654	545,797	200,143
<i>Local Sources</i>	151,203	162,446	151,098	(11,348)
<i>Federal Revenue</i>	43,884	122,748	43,174	(79,574)
<i>Other State Revenue</i>	358,385	399,890	152,031	(247,859)
<i>Other Local Revenue</i>	215,027	268,027	294,792	26,765
Total Revenues	<u>2,677,335</u>	<u>2,995,303</u>	<u>2,549,931</u>	<u>(445,372)</u>
Expenditures:				
Current:				
<i>Certificated Salaries</i>	795,595	917,033	724,513	192,520
<i>Classified Salaries</i>	232,533	278,533	180,535	97,998
<i>Employee Benefits</i>	524,185	552,389	435,442	116,947
<i>Books And Supplies</i>	299,990	358,030	91,709	266,321
<i>Services And Other Operating Expenditures</i>	556,937	704,362	345,569	358,793
<i>Capital Outlay</i>	65,000	65,000	61,400	3,600
Total Expenditures	<u>2,474,240</u>	<u>2,875,347</u>	<u>1,839,168</u>	<u>1,036,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>203,095</u>	<u>119,956</u>	<u>710,763</u>	<u>590,807</u>
Other Financing Sources (Uses):				
<i>Transfers Out</i>	(60,000)	(64,331)	(60,000)	4,331
<i>Other Sources</i>	81,835	81,835	--	(81,835)
Total Other Financing Sources (Uses)	<u>21,835</u>	<u>17,504</u>	<u>(60,000)</u>	<u>(77,504)</u>
Net Change in Fund Balance	224,930	137,460	650,763	513,303
Fund Balance, July 1	<u>3,895,177</u>	<u>3,895,177</u>	<u>3,895,177</u>	--
Fund Balance, June 30	<u>\$ 4,120,107</u>	<u>\$ 4,032,637</u>	<u>\$ 4,545,940</u>	<u>\$ 513,303</u>

**FORT SAGE UNIFIED SCHOOL DISTRICT**

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS*

	Measurement Year *									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0017%	0.0019%	0.0021%	0.0022%	0.0020%	0.0020%	0.0020%	0.0019%	0.0022%	0.0025%
District's proportionate share of the net pension liability (asset)	\$ 1,232,738	\$ 1,402,331	\$ 1,488,384	\$ 983,866	\$ 1,946,906	\$ 1,827,125	\$ 2,106,508	\$ 1,787,643	\$ 1,765,637	\$ 1,672,326
State's proportionate share of the net pension liability (asset) associated with the District	616,308	905,102	907,483	710,368	1,302,458	1,426,537	1,969,996	1,061,549	1,009,851	890,315
Total	<u>\$ 1,849,046</u>	<u>\$ 2,307,433</u>	<u>\$ 2,395,867</u>	<u>\$ 1,694,234</u>	<u>\$ 3,249,364</u>	<u>\$ 3,253,662</u>	<u>\$ 4,076,504</u>	<u>\$ 2,849,192</u>	<u>\$ 2,775,488</u>	<u>\$ 2,562,641</u>
District's covered payroll	\$ 1,114,712	\$ 1,367,329	\$ 1,270,019	\$ 1,236,795	\$ 1,087,629	\$ 1,216,999	\$ 1,022,019	\$ 1,084,399	\$ 1,084,399	\$ 1,147,759
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	110.59%	102.56%	117.19%	79.55%	179.00%	150.13%	206.11%	164.85%	162.82%	145.70%
Plan fiduciary net position as a percentage of the total pension liability	82.46%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

\* The amounts presented are determined as of the Plan's measurement year which was as of June 30 in each prior calendar year from the District's fiscal year end.

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF DISTRICT CONTRIBUTIONS*  
*CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM*  
*LAST TEN FISCAL YEARS*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 244,418	\$ 212,910	\$ 212,649	\$ 231,352	\$ 205,108	\$ 211,492	\$ 177,066	\$ 175,613	\$ 128,570	\$ 116,356
Contributions in relation to the contractually required contribution	(244,418)	(212,910)	(212,649)	(231,352)	(205,108)	(211,492)	(177,066)	(175,613)	(128,570)	(116,356)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 1,279,675	\$ 1,114,712	\$ 1,113,346	\$ 1,367,329	\$ 1,270,019	\$ 1,236,795	\$ 1,087,629	\$ 1,216,999	\$ 1,022,019	\$ 1,084,399
Contributions as a percentage of covered payroll	16.64%	19.08%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS*

	Measurement Year *									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0037%	0.0039%	0.0035%	0.0034%	0.0029%	0.0022%	0.0022%	0.0024%	0.0028%	0.0029%
District's proportionate share of the net pension liability (asset)	\$ 1,338,061	\$ 1,401,983	\$ 1,190,210	\$ 682,220	\$ 898,094	\$ 627,767	\$ 585,523	\$ 566,259	\$ 559,394	\$ 433,528
District's covered payroll	\$ 753,403	\$ 680,406	\$ 537,102	\$ 481,758	\$ 425,338	\$ 301,451	\$ 292,763	\$ 304,666	\$ 342,990	\$ 327,075
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	177.60%	206.05%	221.60%	141.61%	211.15%	208.25%	200.00%	185.86%	163.09%	132.55%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

\* The amounts presented are determined as of the Plan's measurement year which was as of June 30 in each prior calendar year from the District's fiscal year end.



**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF DISTRICT CONTRIBUTIONS*  
*CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM*  
*LAST TEN FISCAL YEARS*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 249,651	\$ 201,008	\$ 172,619	\$ 123,050	\$ 99,724	\$ 83,881	\$ 54,448	\$ 45,469	\$ 42,312	\$ 40,634
Contributions in relation to the contractually required contribution	(249,651)	(201,008)	(172,619)	(123,050)	(99,724)	(83,881)	(54,448)	(45,469)	(42,312)	(40,634)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 922,924	\$ 753,403	\$ 680,406	\$ 537,102	\$ 481,758	\$ 425,338	\$ 301,451	\$ 292,763	\$ 304,666	\$ 342,990
Contributions as a percentage of covered payroll	27.05%	26.68%	25.37%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%

**FORT SAGE UNIFIED SCHOOL DISTRICT****EXHIBIT C-1**

ADULT EDUCATION FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Other State Revenue</i>	\$ 63,616	\$ 52,007	\$ (11,609)
Total Revenues	<u>63,616</u>	<u>52,007</u>	<u>(11,609)</u>
Expenditures:			
Current:			
<i>Certificated Salaries</i>	25,000	25,000	--
<i>Employee Benefits</i>	5,657	6,209	(552)
<i>Books And Supplies</i>	9,492	5,216	4,276
<i>Services And Other Operating Expenditures</i>	21,560	14,845	6,715
<i>Direct Support/Indirect Costs</i>	1,907	1,509	398
Total Expenditures	<u>63,616</u>	<u>52,779</u>	<u>10,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(772)</u>	<u>(772)</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	--	(772)	(772)
Fund Balance, July 1	11,093	11,093	--
Fund Balance, June 30	<u>\$ 11,093</u>	<u>\$ 10,321</u>	<u>\$ (772)</u>

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

**EXHIBIT C-2**

CAFETERIA FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Federal Revenue</i>	\$ 93,342	\$ 71,183	\$ (22,159)
<i>Other State Revenue</i>	48,000	52,646	4,646
<i>Other Local Revenue</i>	400	175	(225)
Total Revenues	<u>141,742</u>	<u>124,004</u>	<u>(17,738)</u>
Expenditures:			
Current:			
<i>Classified Salaries</i>	53,682	54,978	(1,296)
<i>Employee Benefits</i>	15,189	19,663	(4,474)
<i>Books And Supplies</i>	74,818	53,140	21,678
<i>Services And Other Operating Expenditures</i>	8,602	6,176	2,426
Total Expenditures	<u>152,291</u>	<u>133,957</u>	<u>18,334</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,549)</u>	<u>(9,953)</u>	<u>596</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	<u>10,549</u>	--	<u>(10,549)</u>
Total Other Financing Sources (Uses)	<u>10,549</u>	<u>--</u>	<u>(10,549)</u>
Net Change in Fund Balance	--	(9,953)	(9,953)
Fund Balance, July 1	<u>49,267</u>	<u>49,267</u>	--
Fund Balance, June 30	<u>\$ 49,267</u>	<u>\$ 39,314</u>	<u>\$ (9,953)</u>

# FORT SAGE UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2025

The District was established in 1987 and its size is approximately 240 square miles located in Lassen County of Northern California. The boundaries of the District did not change during the fiscal year. The District consists of four schools: one elementary school, one intermediate school, one high school, and one charter school.

Governing Board		
<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Ryan Von Ins	Clerk Trustee Rep to CO.	4 Years Expiring on 12/07/26
Pam Auld	Vice President	4 Years Expiring on 12/07/28
Susan Hansen	Member	2 Years Expiring on 12/07/26 Provisional Appointment
Vacant	Member	
Vacant	Member	

Administration

Derek Cooper - Superintendent

Heather Von Ins - Business Manager

Lindsay Godman - Executive Secretary

**FORT SAGE UNIFIED SCHOOL DISTRICT****TABLE D-1**

SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2025

**Fort Sage Unified School District**

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	31.77	31.77	31.15	31.15
TK/K-3 Totals	31.77	31.77	31.15	31.15
Grades 4-6:				
Regular ADA	17.76	17.76	16.53	16.53
Grades 4-6 Totals	17.76	17.76	16.53	16.53
Grades 7 and 8:				
Regular ADA	7.84	7.84	7.51	7.51
Grades 7 and 8 Totals	7.84	7.84	7.51	7.51
Grades 9-12:				
Regular ADA	39.68	39.68	39.19	39.19
Grades 9-12 Totals	39.68	39.68	39.19	39.19
ADA Totals	97.05	97.05	94.38	94.38

**Mt Lassen Charter School**

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Non-Classroom Based	34.19	34.19	34.13	34.13
TK/K-3 Totals	34.19	34.19	34.13	34.13
Grades 4-6:				
Regular ADA - Non-Classroom Based	32.28	32.28	33.13	33.13
Grades 4-6 Totals	32.28	32.28	33.13	33.13
Grades 7 and 8:				
Regular ADA - Non-Classroom Based	7.84	7.84	7.51	7.51
Grades 7 and 8 Totals	7.84	7.84	7.51	7.51
Grades 9-12:				
Regular ADA - Non-Classroom Based	39.68	39.68	39.19	39.19
	39.68	39.68	39.19	39.19
ADA Totals	113.99	113.99	113.96	113.96

N/A - There were no audit findings which resulted in necessary revisions to attendance.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

# FORT SAGE UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2025

TABLE D-2

Grade Level	Ed Code 46207 Minutes Requirement	2024-25 Actual Minutes	Number of Minuted Credited Form J-13A	Total Minutes Offered	Traditional Calendar		Total Days Offered	Multitrack Calendar Days Offered	In Compliance with Instructional Days Provision
					Number of Actual Days	Number of Days Credited Form J-13A			
Transitional Kindergarten	36,000	57,180	--	57,180	180	--	180	N/A	In Compliance
Kindergarten	36,000	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 1	50,400	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 2	50,400	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 3	50,400	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 4	54,000	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 5	54,000	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 6	54,000	57,180	--	57,180	180	--	180	N/A	In Compliance
Grade 7	54,000	65,670	--	65,670	180	--	180	N/A	In Compliance
Grade 8	54,000	65,670	--	65,670	180	--	180	N/A	In Compliance
Grade 9	64,800	65,420	--	65,420	180	--	180	N/A	In Compliance
Grade 10	64,800	65,420	--	65,420	180	--	180	N/A	In Compliance
Grade 11	64,800	65,420	--	65,420	180	--	180	N/A	In Compliance
Grade 12	64,800	65,420	--	65,420	180	--	180	N/A	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46200 through 46207. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

This schedule has been prepared based upon the original approval calendar and instructional time planned by the District for the 2024/2025 fiscal year, as well as approved J-13A days, as received by the District, which identified the number of closure days in 2024/2025.

**FORT SAGE UNIFIED SCHOOL DISTRICT  
MT. LASSEN CHARTER SCHOOL**

SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2025

**TABLE D-2**

<u>Grade Level</u>	<u>Number of Days Traditional Calendar</u>	<u>Required Instructional Days</u>	<u>In Compliance with Instructional Days Provision</u>
Transitional Kindergarten	180	175	In Compliance
Kindergarten	180	175	In Compliance
Grade 1	180	175	In Compliance
Grade 2	180	175	In Compliance
Grade 3	180	175	In Compliance
Grade 4	180	175	In Compliance
Grade 5	180	175	In Compliance
Grade 6	180	175	In Compliance
Grade 7	180	175	In Compliance
Grade 8	180	175	In Compliance
Grade 9	180	175	In Compliance
Grade 10	180	175	In Compliance
Grade 11	180	175	In Compliance
Grade 12	180	175	In Compliance

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School with the provision of the California Education Code.

**FORT SAGE UNIFIED SCHOOL DISTRICT**

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
YEAR ENDED JUNE 30, 2025

**TABLE D-3**

General Fund	Budget 2026 (see note 1)	2025	2024	2023
Revenues and other financial sources	\$ 3,948,930	\$ 4,125,962	\$ 4,534,473	\$ 4,509,541
Expenditures	3,840,536	4,063,529	3,575,826	3,215,853
Other uses and transfers out			--	(497)
Total outgo	3,840,536	4,063,529	3,575,826	3,215,356
Change in fund balance (deficit)	108,394	62,433	958,647	1,294,185
Ending fund balance	\$ 5,269,756	\$ 5,161,362	\$ 5,098,929	\$ 4,140,282
Available reserves (see note 2)	\$ 4,046,532	\$ 4,560,263	\$ 4,426,846	\$ 3,045,514
Available reserves as a percentage of total outgo	105.4%	112.2%	123.8%	94.7%
Total long-term debt	\$ 2,558,992	\$ 2,558,992	\$ 2,811,694	\$ 2,686,907
Average daily attendance at P-2	238	242	221	122

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.

The minimum recommended reserve for a district of this size is five percent of budgeted general fund expenditures, transfers out , and other uses (total outgo). The District has maintained this recommended reserve.

**NOTES:**

- 1 Budget 2026 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.



**FORT SAGE UNIFIED SCHOOL DISTRICT**  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
REPORT WITH AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**TABLE D-4**

	General Fund	Deferred Maintenance Fund
June 30, 2025, annual financial and budget report fund balances	\$ 4,906,305	\$ 9,050
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
To adjust revolving fund balance to actual	(17,583)	
* Reclassification for financial statement presentation	272,640	(9,050)
Net adjustments and reclassifications	255,057	(9,050)
June 30, 2025, audited financial statement fund balances	\$ 5,161,362	\$ --
	Capital Facilities Fund	Special Reserve for Capital Outlay Fund
June 30, 2025, annual financial and budget report fund balance	\$ 64,074	\$ 199,516
Adjustments and reclassifications:		
Increase (decrease) in fund balance:		
* Resclassification for financial statement presentation	(64,074)	(199,516)
Net adjustments and reclassifications	(64,074)	(199,516)
June 30, 2025, audited financial statement fund balances	\$ --	\$ --

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

\*This audit reclassification is made for financial statement purposes only; pursuant to GASB Statement 54 which, when applied, does not recognize these funds as special revenue fund types. Therefore, the fund balances are consolidated with the General Fund. However, the District is permitted under current State law to account for these funds as special revenue fund types for interim reporting and budgeting purposes.

The following charter schools are chartered by Fort Sage Unified School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>	<u>Charter School Number:</u>
Mt. Lassen Charter School	Yes	1185
Long Valley Charter School	No	2067

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Board of Trustees  
Fort Sage Unified School District  
Herlong, California 96113

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Sage Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Fort Sage Unified School District's basic financial statements, and have issued our report thereon dated December 12, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fort Sage Unified 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 Fort Sage Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fort Sage Unified School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-003 to be significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fort Sage Unified 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questioned costs as item 2025-004.

## **Fort Sage Unified School District's Response to Findings**

Fort Sage Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fort Sage Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

Respectfully submitted,

*SingletonAuman PC*

SingletonAuman PC

Susanville, CA  
December 12, 2025

**Independent Auditor's Report on State Compliance and on Internal Control Over Compliance**

Board of Trustees  
Fort Sage Unified School District  
Herlong, California 96113

Members of the Board of Trustees:

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

We have audited the Fort Sage Unified School District (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations issued by the Education Audit Appeals Panel, applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, Fort Sage Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

**Basis for Opinion on State Compliance**

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

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

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

**LOCAL EDUCATION AGENCIES****OTHER THAN CHARTER SCHOOLS:**

A. Attendance .....	Yes
B. Teacher Certification and Misassignments .....	Yes
C. (reserved).....	Yes
D. Independent Study .....	N/A
E. Continuation Education .....	N/A
F. Instructional Time .....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers .....	Yes
I. Classroom Teacher Salaries .....	Yes
J. Early Retirement Incentive .....	N/A
K. GANN Limit Calculation .....	Yes
L. School Accountability Report Card .....	Yes
M. Juvenile Court Schools .....	N/A
N. Middle or Early College High Schools .....	N/A
O. K-3 Grade Span Adjustment .....	Yes
P. (reserved).....	N/A
Q. Apprenticeship: Related and Supplemental Instruction .....	N/A
R. Comprehensive School Safety Plan .....	Yes
S. District of Choice .....	N/A
TT. Home to School Transportation Reimbursement .....	Yes

**SCHOOL DISTRICTS, COUNTY OFFICES OF  
EDUCATION, AND CHARTER SCHOOLS:**

T. Proposition 28 Arts and Music in Schools .....	Yes
U. After/Before School Education and Safety Program .....	N/A
V. Proper Expenditure of Education Protection Account Funds .....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts .....	Yes
X. Local Control and Accountability Plan .....	Yes
Y. Independent Study-Course Based .....	N/A
Z. Immunizations .....	Yes
AZ. Educator Effectiveness .....	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G) .....	Yes
CZ. Career Technical Education Incentive Grant .....	Yes
DZ. Expanded Learning Opportunities Program .....	Yes
EZ. Transitional Kindergarten .....	Yes
FZ. Kindergarten Continuance.....	Yes

**CHARTER SCHOOLS:**

AA. Attendance .....	Yes
BB. Mode of Instruction .....	N/A
CC. Nonclassroom-Based Instruction/Independent Study.....	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction .....	Yes
EE. Annual Instructional Minutes - Classroom Based .....	N/A
FF. Charter School Facility Grant Program .....	N/A

The term "N/A" is used above to mean either the District did not offer 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 of compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in the Title 5, California Code of Regulations, Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004.

### **Fort Sage Unified School District's Response to Findings**

Fort Sage Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Fort Sage Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.



## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, as prescribed in Title 5, California Code of Regulations Section 19810. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*SingletonAuman PC*

SingletonAuman PC

Susanville, CA

December 12, 2025

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?   X   Yes        No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?   X   Yes        None Reported

Noncompliance material to financial  
statements noted?        Yes   X   No

2. State Awards

Any audit findings disclosed that are required to be reported in  
accordance with the state's Guide for Annual Audits of K-12  
Local Education Agencies and State Compliance Reporting?   X   Yes        No

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

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**B. Yellow Book/Financial Statement Findings**

**Internal Control - Material Weakness**

**Finding 2025-001 Lack of Segregation of Duties (CDDC#30000)**

Criteria upon which audit finding is based (Legal Citation)

AU-C Section 265, Communicating Internal Control Matters identified in an audit.

Finding (Condition)

An inadequate segregation of duties exists. This Finding is repeated from the prior year.

Amount of Questioned costs, How Computed and Prevalence

None.

Effect

The District has exposure to risk of financial statement misstatement and the potential risk of fraud.

Cause

Due to the number of personnel assigned to duties that involve access to the general ledger and other accounting records and who also have custody of and responsibility for handling cash and other assets, an inadequate segregation of duties exists.

Recommendation

We recommend that the District employees and Board maintain diligence for the potential risks of not having an adequate segregation of duties.

District's Response

The District concurs with this finding.

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**B. Yellow Book/Financial Statement Findings (Continued)**

**Internal Control - Material Weakness**

**Finding 2025-002 Financial Reporting (CDDC#30000)**

Criteria upon which audit finding is based (Legal Citation)

The Organization is responsible for preparing complete and accurate financial statements and footnote disclosures in accordance with Generally Accepted Accounting Principles (GAAP).

Finding (Condition)

Similar to many other small school districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP. This Finding is repeated from the prior year.

Amount of Questioned Costs, How Computed and Prevalence

None.

Effect

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the District's system of internal control.

Cause

This condition has always existed at the District, and is being reported in accordance with AU-C Section 265, Communicating Internal Control Related Matters identified in an audit.

Recommendation

We recommend that the District consider the cost benefit of hiring an accountant familiar with GAAP or contracting an independent CPA firm to compile financial statements in conformity with GAAP.

District's Response

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**B. Yellow Book/Financial Statement Findings (Continued)**

**Internal Control - Significant Deficiency**

**Finding 2025-003 Internal Control of Student Body Funds (CDDC#30000)**

Criteria upon which audit finding is based (Legal Citation)

AU-C Section 265, Communicating Internal Control Matters identified in an audit.

Finding (Condition)

In our testing of the School Student Body cash activity, we noted some significant deficiencies. This finding is repeated from the prior year.

Deposits did not appear to have been made in a timely manner, and cash receipts did not include adequate documentation reflecting sales and backup documentation supporting the completeness of the deposit.

Cash count forms were missing double signatures.

Amount of Questioned Costs, How Computed and Prevalence

Deficiencies noted in 2 of 2 transactions tested.

Effect

The District's student body fund is at risk of misappropriation of funds.

Cause

The student body personnel are not following appropriate policies and procedures as for Student body funds.

Recommendation

We recommend that the district work with the student body advisors to implement policies and procedures that follow student body guidelines for acceptable controls of the use of student body funds.

District's Response

District concurs with this finding.

**FORT SAGE UNIFIED SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**C. State Awards Findings and Questioned Costs (Continued)**

**Finding 2025-004 State Compliance - Immunizations/Attendance (CDDC #10000)**

Criteria upon which audit finding is based (Legal Citation)  
California Code of Regulations section 6025.

Finding (Condition)

In our testing of Immunizations we identified one student did not have proper vaccinations. There were not appropriate communication with parents regarding their child's vaccination status. Adequate documentation was not obtained for this student transferring from an out of state school before admission was approved.

Amount of Questioned Costs, How Computed and Prevalence  
1 of 12 students tested did not have adequate vaccinations.

Schedule of Excluded ADA

Grade Span	Number of Days	ADA to be Excluded
K-1	27	0.15
Total All Grade Levels	27	0.15

Effect

The District must disallow the ADA for the student identified as non compliant, until the day the school documented receiving a record of the Tdap dose.

Cause

The District registrar is not confirming vaccination status for students before enrollment, transition into Kindergarten, or for students transferring into the District.

Recommendation

We recommend that the District develop a procedure in which all student vaccination records are input into Aries, vaccination status is reviewed before entrance into the District is granted, and timely communication is established with parents for students who are identified as non-compliant.

District's Response

District concurs with this finding.

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Finding 2024-001 Lack of Segregation of Duties	Not Implemented.	See current year finding 2025-001
Finding 2024-002 Incomplete Financial Reporting	Not Implemented.	See current year finding 2025-002
Finding 2024-003 Internal Control of Student Body Funds	Not Implemented	See current year finding 2025-003
Finding 2024-004 School Accountability Report Card	Implemented	

# **FORT SAGE UNIFIED SCHOOL DISTRICT**

## **CORRECTIVE ACTION PLAN**

**FOR THE YEAR ENDED JUNE 30, 2025**

### **Person Monitoring Corrective Action Plan District Business Manager, Heather Von Ins**

#### **Finding 2025-001 Lack of Segregation of Duties (CDDC#30000)**

##### Finding (Condition)

An inadequate segregation of duties exists.

##### Corrective Action Planned

Due to the number of employees of the District it is not possible for the District to cost effectively mitigate this finding. The District cannot, with its current budget hire an adequate number of employees to insure that custody of assets and accountability for assets is separated.

A small district will always face the issue of inadequate segregation of duties. The current administrator continues to study the time needs of the District clerical and administrative staff. In addition, all office personnel are being cross trained to be able to perform all required jobs and therefore have the expertise to adequately either do the job or be the person to review the job done to ensure it is done accurately. Currently, when checks are issued for District incurred expenses, one person completes the documentation to request the checks and two others review the request to ensure accuracy and that the payments are for actual costs incurred by the District.

The District does, however, believe that being aware of this weakness will insure that existing employees and Board members will maintain diligence to potential risks of not having an adequate segregation of duties.

##### Expected Completion Date

Ongoing.

#### **Finding 2025-002 Financial Reporting (CDDC#30000)**

##### Finding (Condition)

Similar to many other small school districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

##### Corrective Action Planned

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

##### Expected Completion Date

Ongoing.



### **Finding 2025-003 Internal Control of Student Body Funds (CDDC#30000)**

#### Finding (Condition)

In our testing of the School Student Body cash receipts and disbursements, we noted some significant deficiencies. This finding is repeated from prior year.

Deposits did not appear to have been made in a timely manner, and cash receipts did not include adequate documentation reflecting sales and backup documentation supporting the deposit

Cash count forms were missing double signatures.

#### Corrective Action Planned

The District will work with the student body advisors to implement policies and procedures that follow student body guidelines for acceptable controls of the use of student body funds.

#### Expected Completion Date

Ongoing.

### **Finding 2025-04 State Compliance- Immunizations /Attendance (CDDC #10000)**

#### Finding (Condition)

In our testing of Immunizations we identified one student did not have proper vaccinations. There were not appropriate communication with parents regarding their child's vaccination status. Adequate documentation was not obtained for this student transferring from an out of state school before admission was approved.

#### Corrective Action Planned

The District will develop a procedure in which all student vaccination records are input into Aries, vaccination status is reviewed before entrance into the District is granted, and timely communication is established with parents for students who are identified as non-compliant.

#### Expected Completion Date

Ongoing.