



Financial Statements
June 30, 2024

Redlands Unified School District

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Independent Auditor's Report

Governing Board
Redlands Unified School District
Redlands, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redlands Unified School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Redlands Unified School District, as of June 30, 2024, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 16, 2024



REDLANDS UNIFIED SCHOOL DISTRICT

INTRODUCTION

The discussion and analysis of Redlands Unified School District's (the District) financial performance provides an overall review of the District's financial performance during the fiscal year ended June 30, 2024, with comparative information for the year ended June 30, 2023. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

The Redlands Unified School District serves nearly 19,800 students living in six communities over a 147 square mile area. A dedicated staff of teachers and support personnel serves the minority majority student population of the Redlands Unified School District. The District is comprised of 24 schools plus an alternative education and comprehensive continuation high school.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The Fund Financial Statements include statements for two categories of activities: governmental and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statement to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The primary unit of the government is the Redlands Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the Statement of Net Position and the Statement of Activities, we report the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, education of adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, such as our funds for community facility district (CFD) activities. The District's fiduciary activities are reported in the *Statement of Net Position – Fiduciary Funds* and *Statement of Revenues, Expenses, and Change in Net Position – Fiduciary Funds*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

The Redlands Unified School District's government-wide Statement of Net Position shows total net position of \$144,328,678, the result of assets and deferred outflows of resources of \$656,220,345 minus liabilities and deferred inflows of resources of \$511,891,667. This is a decrease of 2.1% from the previous year.

General Revenues accounted for \$294,705,220 or 73.5% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$106,054,760 or 26.5% of total revenues of \$400,726,409.

The District had \$403,918,344 in expenses related to governmental activities; only \$106,054,760 of these expenses was offset by program specific revenues for services, grants, or contributions. General revenues (primarily State revenue limit sources and property taxes) of \$294,705,220 were adequate to provide for these programs.

The General Fund reported an ending fund balance of \$111,168,606. This is a net increase of 2.3% from the previous year and is due mainly to one-time restricted Federal and State funding related to Learning Loss Mitigation.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$144,328,678 for the fiscal year ended June 30, 2024. Of this amount, \$(205,289,157) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the District Governing Board's ability to use that net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 209,187,660	\$ 199,589,594
Capital assets	312,377,129	296,292,182
Total assets	521,564,789	495,881,776
Deferred Outflows of Resources	134,655,556	86,456,091
Liabilities		
Current liabilities	34,043,830	46,285,144
Long-term liabilities	446,876,020	346,600,640
Total liabilities	480,919,850	392,885,784
Deferred Inflows of Resources	30,971,817	41,965,051
Net Position		
Net investment in capital assets	240,056,741	240,165,824
Restricted	109,561,094	123,685,552
Unrestricted (deficit)	(205,289,157)	(216,364,344)
Total net position	\$ 144,328,678	\$ 147,487,032

The \$(205,289,157) in unrestricted deficit net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted deficit net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by \$11,075,187 or 5.1% – \$(205,289,157) compared to \$(216,364,344).

Changes in Net Position

Table 2 shows the changes in net position for fiscal year 2023-2024.

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	\$ 3,376,598	\$ 2,032,439
Operating grants and contributions	102,678,159	133,675,350
Capital grants and contributions	3	543,223
General revenues		
Federal and State aid not restricted	210,327,012	202,807,045
Property taxes	72,801,390	67,663,669
Other general revenues	11,576,818	2,926,837
Total revenues	400,759,980	409,648,563
Expenses		
Instruction-related	271,615,059	248,452,200
Pupil services	58,023,178	51,369,652
Administration	32,390,339	17,184,741
Plant services	30,774,717	27,884,792
All other services	11,115,041	10,323,358
Total expenses	403,918,334	355,214,743
Change in net position	\$ (3,158,354)	\$ 54,433,820

Governmental Activities

The District has been able to modify its expenditures through the elimination of one-time expenses and other cost saving measures like offering early retirement to reflect the decline in State and Federal funding. Program specific grants and entitlements and charges for services made up 26.5% of revenues for governmental activities. General revenues not restricted to specific programs made up 73.5% of the total revenues available.

Instruction-related expenses comprise 67.2% of expenses; pupil services make up 14.4%, administration 8.0%, plant services 7.6%, and other functional expenses 2.8%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	\$ 271,615,059	\$ 248,452,200	\$ (207,972,834)	\$ (154,488,985)
Pupil services	58,023,178	51,369,652	(25,250,011)	(19,594,975)
Administration	32,390,339	17,184,741	(31,067,098)	(15,843,850)
Plant services	30,774,717	27,884,792	(26,564,204)	(22,021,409)
All other services	11,115,041	10,323,358	(7,009,427)	(7,014,512)
Total	\$ 403,918,334	\$ 355,214,743	\$ (297,863,574)	\$ (218,963,731)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$176,177,458, which reflected an increase of \$21,777,755, or 14.1% from the previous year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	\$ 108,689,027	\$ 365,718,808	\$ 363,239,229	\$ 111,168,606
Cafeteria Fund	24,718,695	20,359,166	14,150,208	30,927,653
Student Activity Fund	1,962,734	2,566,516	2,656,304	1,872,946
Adult Education Fund	248,007	1,525,112	1,353,945	419,174
Child Development Fund	177,111	878,282	984,238	71,155
Building Fund	143,438	7,534	-	150,972
Capital Facilities Fund	4,427,644	2,431,138	840,790	6,017,992
County School Facilities Fund	48	3	-	51
Special Reserve Fund for Capital Outlay Projects	162,380	24,222,998	13,659,422	10,725,956
Capital Projects Fund for Blended Component Units	5,673,274	392,021	8,880	6,056,415
Bond Interest and Redemption Fund	8,197,345	8,759,699	8,190,506	8,766,538
Total	\$ 154,399,703	\$ 426,861,277	\$ 405,083,522	\$ 176,177,458

The primary reason for the increase is:

Our General Fund is our principal operating fund. The fund balance in the General Fund increased by \$2,479,579. This increase is the result of LCFF revenue increase and one-time restricted funds available for expenditure in the next three fiscal periods.

General Fund Budget Information

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in December of each year, to be completed by June 30. During the course of the fiscal year, the District revises its budget as it deals with changes in revenues and expenditures.

General Fund Budget Variations

For the General Fund, actual revenues and other sources were \$365,718,808 with final budget estimated at \$366,585,068. The difference of \$866,260 was mostly due to additional categorical revenues received but not spent.

Expenditure budget variations are primarily due to the District's delay of expenditures to the subsequent fiscal period. Changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would require budget revisions.

The implementation of new instructional programs can also affect budget projections. New academically focused programs, most notably outlined in the Local Control Accountability Plan, will impact expenditures in personnel, instructional materials, outside services, and supplies.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$312,377,129 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$16,084,947, or 5.4% from the previous year. Table 5 shows fiscal year 2023-2024 balances.

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 66,522,516	\$ 57,321,138
Land improvements	24,973,095	18,959,139
Buildings and improvements	201,944,182	204,563,901
Furniture and equipment	18,340,050	14,510,084
Right-to-use leased assets	-	54,226
Right-to-use subscription IT assets	597,286	883,694
Total	<u>\$ 312,377,129</u>	<u>\$ 296,292,182</u>

Additional information can be found in the notes to the financial statements.

Long-Term Liabilities

At June 30, 2024, the District had \$446,876,020 in long-term liabilities outstanding, which reflected an increase of \$100,275,380, or 28.9% from the previous year. Table 6 summarized these debts.

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds - net	\$ 50,581,058	\$ 57,093,994
Certificates of participation - net	23,320,607	-
Leases	-	57,363
Early retirement liabilities	13,968,745	-
Subscription-based IT arrangements	449,278	870,313
Compensated absences	1,522,028	1,684,238
Net other postemployment benefits (OPEB) liability	72,277,155	53,854,396
Aggregate net pension liability	284,757,149	233,040,336
Total	<u>\$ 446,876,020</u>	<u>\$ 346,600,640</u>

Additional information can be found in the notes to the financial statements.

FOR THE FUTURE

Redlands Unified School District student enrollment for the 2023-2024 year is down over the prior year. While the District expects a downward trend, lasting effects of the current COVID-19 pandemic have created a significantly greater reduction of student enrollment. Current expectation is that this is a temporary issue. The State is allowing an average of the three most recent prior years. As it currently stands, the District is availing itself of this option. The District will continue to closely monitor enrollment and any effects that will accrue to funding. The State's implementation of the Local Control Funding Formula will provide additional State funding in the Budget year in the form of Supplemental and Concentration grant funding. Since the Legislature has no binding obligation to continue planned funding this new apportionment method creates greater uncertainty and risk associated with multi-year planning. Substantial on-going increases to the employer contribution to CalPERS and CalSTRS along with the unknown effects of the Affordable Care Act and increased Property & Liability insurance will necessitate careful planning and monitoring of our finances. Redlands Unified School District is confident that we can continue to provide a quality education for our students and meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District, P.O. Box 3008, Redlands, California 92373-1508.

Redlands Unified School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 185,940,459
Receivables	21,031,460
Prepaid expense	657,065
Stores inventories	1,558,676
Capital assets not depreciated or amortized	66,522,516
Capital assets, net of accumulated depreciation and amortization	245,854,613
Total assets	521,564,789
Deferred Outflows of Resources	
Deferred charge on refunding	78,431
Deferred outflows of resources related to OPEB	19,829,548
Deferred outflows of resources related to pensions	114,747,577
Total deferred outflows of resources	134,655,556
Liabilities	
Accounts payable	31,638,399
Accrued interest payable	1,033,628
Unearned revenue	1,371,803
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	9,258,556
OPEB liability due in one year	1,931,536
Long-term liabilities other than OPEB and pensions due in more than one year	80,583,160
Net other postemployment benefits (OPEB) liability	70,345,619
Aggregate net pension liability	284,757,149
Total liabilities	480,919,850
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	12,593,339
Deferred inflows of resources related to pensions	18,378,478
Total deferred inflows of resources	30,971,817
Net Position	
Net investment in capital assets	240,056,741
Restricted for	
Debt service	7,732,910
Capital projects	14,292,111
Educational programs	55,123,522
Child nutrition	30,179,913
Other activities	2,232,638
Unrestricted (deficit)	(205,289,157)
Total net position	\$ 144,328,678

Redlands Unified School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 217,127,765	\$ 898,837	\$ 55,467,092	\$ 3	\$ (160,761,833)
Instruction-related activities					
Supervision of instruction	18,767,072	112,000	3,820,232	-	(14,834,840)
Instructional library, media, and technology	6,145,472	-	235,540	-	(5,909,932)
School site administration	29,574,750	95,111	3,013,410	-	(26,466,229)
Pupil services					
Home-to-school transportation	8,054,678	100	8,535	-	(8,046,043)
Food services	13,856,785	-	20,382,080	-	6,525,295
All other pupil services	36,111,715	76,629	12,305,823	-	(23,729,263)
Administration					
Data processing	1,843,285	-	-	-	(1,843,285)
All other administration	30,547,054	3,135	1,320,106	-	(29,223,813)
Plant services	30,774,717	723,672	3,486,841	-	(26,564,204)
Ancillary services	5,581,095	-	2,638,500	-	(2,942,595)
Community services	45,076	-	-	-	(45,076)
Enterprise services	392	-	-	-	(392)
Interest on long-term liabilities	2,829,541	-	-	-	(2,829,541)
Other outgo	2,658,937	1,467,114	-	-	(1,191,823)
Total governmental activities	\$ 403,918,334	\$ 3,376,598	\$ 102,678,159	\$ 3	(297,863,574)
General Revenues and Subventions					
Property taxes, levied for general purposes					59,576,715
Property taxes, levied for debt service					8,131,910
Taxes levied for other specific purposes					5,092,765
Federal and State aid not restricted to specific purposes					210,327,012
Interest, investment earnings and change in fair market valuations					6,738,622
Interagency revenues					119,793
Miscellaneous					4,718,403
Subtotal, general revenues and subventions					294,705,220
Change in Net Position					(3,158,354)
Net Position - Beginning					147,487,032
Net Position - Ending					\$ 144,328,678

Redlands Unified School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 125,097,611	\$ 26,529,967	\$ 34,312,881	\$ 185,940,459
Receivables	15,486,666	5,134,025	410,769	21,031,460
Due from other funds	1,439,812	1,363	-	1,441,175
Prepaid expenditures	657,065	-	-	657,065
Stores inventories	815,366	743,310	-	1,558,676
	<u>143,496,520</u>	<u>32,408,665</u>	<u>34,723,650</u>	<u>210,628,835</u>
Total assets	<u>\$ 143,496,520</u>	<u>\$ 32,408,665</u>	<u>\$ 34,723,650</u>	<u>\$ 210,628,835</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 31,132,799	\$ 228,623	\$ 276,977	\$ 31,638,399
Due to other funds	1,363	1,196,134	243,678	1,441,175
Unearned revenue	1,193,752	56,255	121,796	1,371,803
	<u>32,327,914</u>	<u>1,481,012</u>	<u>642,451</u>	<u>34,451,377</u>
Total liabilities	<u>32,327,914</u>	<u>1,481,012</u>	<u>642,451</u>	<u>34,451,377</u>
Fund Balances				
Nonspendable	1,522,431	747,740	-	2,270,171
Restricted	55,123,522	30,179,913	25,442,259	110,745,694
Committed	40,953,882	-	-	40,953,882
Assigned	2,738,191	-	8,638,940	11,377,131
Unassigned	10,830,580	-	-	10,830,580
	<u>111,168,606</u>	<u>30,927,653</u>	<u>34,081,199</u>	<u>176,177,458</u>
Total fund balances	<u>111,168,606</u>	<u>30,927,653</u>	<u>34,081,199</u>	<u>176,177,458</u>
Total liabilities and fund balances	<u>\$ 143,496,520</u>	<u>\$ 32,408,665</u>	<u>\$ 34,723,650</u>	<u>\$ 210,628,835</u>

Redlands Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balance - Governmental Funds		\$ 176,177,458
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 496,157,058	
Accumulated depreciation and amortization is	<u>(183,779,929)</u>	
Net capital assets		312,377,129
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(1,033,628)
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Deferred charge on refunding	78,431	
Net other postemployment benefits (OPEB) liability	19,829,548	
Aggregate net pension liability	<u>114,747,577</u>	
Total deferred outflows of resources		134,655,556
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Net other postemployment benefits (OPEB) liability	(12,593,339)	
Aggregate net pension liability	<u>(18,378,478)</u>	
Total deferred inflows of resources		(30,971,817)
<p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(284,757,149)
<p>The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(72,277,155)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of</p>		
General obligation bonds	(42,943,512)	
Unamortized premiums	(5,725,309)	
Certificates of participation	(23,431,692)	
Subscription-based IT arrangements	(449,278)	
Compensated absences (vacations)	(1,522,028)	
Special termination benefits payable	(13,968,745)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(1,801,152)</u>	
Total long-term liabilities		<u>(89,841,716)</u>
Total net position - governmental activities		<u>\$ 144,328,678</u>

Redlands Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	\$ 262,230,160	\$ -	\$ -	\$ 262,230,160
Federal sources	25,590,045	12,441,414	290,237	38,321,696
Other State sources	45,071,875	6,705,379	1,265,948	53,043,202
Other local sources	32,826,728	1,212,373	15,295,426	49,334,527
Total revenues	<u>365,718,808</u>	<u>20,359,166</u>	<u>16,851,611</u>	<u>402,929,585</u>
Expenditures				
Current				
Instruction	203,775,106	-	1,381,197	205,156,303
Instruction-related activities				
Supervision of instruction	18,164,451	-	77,562	18,242,013
Instructional library, media, and technology	5,875,506	-	-	5,875,506
School site administration	27,964,449	-	534,275	28,498,724
Pupil services				
Home-to-school transportation	8,308,058	-	-	8,308,058
Food services	348,101	13,541,762	-	13,889,863
All other pupil services	35,059,366	-	214,024	35,273,390
Administration				
Data processing	3,042,739	-	-	3,042,739
All other administration	16,139,120	278,225	-	16,417,345
Plant services	28,627,113	264,350	17,280	28,908,743
Ancillary services	2,880,823	-	2,656,304	5,537,127
Community services	45,076	-	-	45,076
Other outgo	2,658,937	-	-	2,658,937
Enterprise services	392	-	-	392
Facility acquisition and construction	9,365,448	65,871	13,312,245	22,743,564
Debt service				
Principal	478,398	-	6,000,000	6,478,398
Interest and other	6,146	-	3,501,198	3,507,344
Total expenditures	<u>362,739,229</u>	<u>14,150,208</u>	<u>27,694,085</u>	<u>404,583,522</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,979,579</u>	<u>6,208,958</u>	<u>(10,842,474)</u>	<u>(1,653,937)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	500,000	500,000
Other sources - proceeds from issuance of certificates of participation	-	-	21,210,000	21,210,000
Other sources - premium from issuance of certificates of participation	-	-	2,221,692	2,221,692
Transfers out	(500,000)	-	-	(500,000)
Total Financing Sources (Uses)	<u>(500,000)</u>	<u>-</u>	<u>23,931,692</u>	<u>23,431,692</u>
Net Change in Fund Balances	2,479,579	6,208,958	13,089,218	21,777,755
Fund Balance - Beginning	108,689,027	24,718,695	20,991,981	154,399,703
Fund Balance - Ending	<u>\$ 111,168,606</u>	<u>\$ 30,927,653</u>	<u>\$ 34,081,199</u>	<u>\$ 176,177,458</u>

Redlands Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds \$ 21,777,755

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$ 26,267,239
Depreciation and amortization expense	<u>(10,159,659)</u>

Net expense adjustment	16,107,580
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (22,633)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (supplemental early retirement plan) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was more than the amounts earned by \$162,210. Special termination benefits added was more than the amount paid by \$13,968,745. (13,806,535)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. (6,830,932)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (4,108,098)

Proceeds received from certificates of participation or sale of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (21,210,000)

Redlands Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2024

Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	\$ (2,221,692)
Premium amortization	759,573
Deferred charge on refunding amortization	(7,843)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	6,000,000
Leases	57,363
Subscription-based IT arrangements	421,035

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(73,927)

Change in net position of governmental activities

\$ (3,158,354)

Redlands Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 12,299,142</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 12,299,142</u>

Redlands Unified School District
Statement of Change in Net Position – Fiduciary Funds
Year Ended June 30, 2024

	<u>Custodial Funds</u>
Additions	
Special tax assessment	\$ 2,887,332
Interest, investment earnings and changes in fair market valuations	<u>146,869</u>
Total additions	<u>3,034,201</u>
Deductions	
Payments to investors	1,133,863
Other expenditures	<u>14,421</u>
Total deductions	<u>1,148,284</u>
Net Change in Fiduciary Net Position	1,885,917
Net Position - Beginning	<u>10,413,225</u>
Net Position - Ending	<u><u>\$ 12,299,142</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Redlands Unified School District (the District) was unified in 1963 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 16 elementary schools, four middle schools, three high schools, one continuation high school, an adult education program, an independent study program, and a home-school study.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Redlands Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units may be other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District.

The Redlands Unified School District School Facilities Corporation's (the Corporation) financial activity is presented in the financial statements of the Special Reserve Fund for Capital Outlay Projects. Certificates of Participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Other Related Entities

The District has approved one charter school pursuant to *Education Code* Section 47605. The Grove School is operated independently of the District and is not considered a component unit of the District. The District receives revenue on behalf of The Grove School, which it passes on to the charter school.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

- **Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.
- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval. (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition IA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Unit are used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund are used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial fund is used to account for various community facilities districts (the CFDs).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation of capital assets and amortization of leased assets and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds, and the restrictions on their use.

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

- **Governmental Funds** All Governmental Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Fiduciary Funds** Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Investments

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

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average method. The costs of inventory items are recorded as expenditures in the governmental-type funds and expense in the fiduciary-type funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables".

Compensated Absences

Compensated absences are accrued as a liability and reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, certificates of participation, leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charge on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

Subscriptions

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

Fund Balances - Governmental Funds

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Enabling legislation relates to laws passed that create a revenue source to be used for specific purposes. The government-wide financial statements report \$109,561,094 of restricted net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 185,940,459
Fiduciary funds	<u>12,299,142</u>
Total deposits and investments	<u><u>\$ 198,239,601</u></u>

Deposits and investments as of June 30, 2024, consist of the following:

Cash on hand and in banks	\$ 1,880,707
Cash in revolving	54,430
Investments	<u>196,304,464</u>
Total deposits and investments	<u><u>\$ 198,239,601</u></u>

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Treasury Investment Pool to provide the cash flow and liquidity needed for operations, by having the San Bernardino County Treasury Investment Pool purchase a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow necessary for debt service requirements.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days/ Maturity Date
First American Treasury Obligation Money Market Mutual Funds, Class D	\$ 4,932,016	33
U.S. Bank Money Market Funds	2,343,965	N/A
San Bernardino County Treasury Investment Pool	189,028,483	724
Total	\$ 196,304,464	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the San Bernardino County Treasury Investment Pool is rated AAA by Fitch Ratings and the First American Treasury Obligations Money Market Mutual Funds, Class D are rated AAA by Standard and Poor's. U.S. Bank Money Market Funds are not rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District's bank balance of \$1,881,095 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not the in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2024, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>
Federal Government				
Categorical aid	\$ 10,390,418	\$ 2,936,149	\$ 118,510	\$ 13,445,077
State Government				
LCFF apportionment	367,005	-	-	367,005
Categorical aid	1,489,958	1,814,138	93,616	3,397,712
Lottery	1,263,482	-	-	1,263,482
Local Government				
Interest	1,131,155	254,224	180,384	1,565,763
Other local sources	<u>844,648</u>	<u>129,514</u>	<u>18,259</u>	<u>992,421</u>
Total	<u>\$ 15,486,666</u>	<u>\$ 5,134,025</u>	<u>\$ 410,769</u>	<u>\$ 21,031,460</u>

Note 4 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 38,161,712		\$ -	\$ 38,161,712
Construction in progress	19,159,426	16,146,297	(6,944,919)	28,360,804
Total capital assets not being depreciated or amortized	57,321,138	16,146,297	(6,944,919)	66,522,516
Capital assets being depreciated and amortized				
Land improvements	27,531,762	7,174,973	-	34,706,735
Buildings and improvements	356,988,475	3,977,783	-	360,966,258
Furniture and equipment	27,496,499	5,913,105	(396,026)	33,013,578
Right-to-use leased buildings and improvements	162,674	-	(162,674)	-
Right-to-use subscription IT assets	947,971	-	-	947,971
Total capital assets being depreciated and amortized	413,127,381	17,065,861	(558,700)	429,634,542
Total capital assets	470,448,519	33,212,158	(7,503,619)	496,157,058
Accumulated depreciation and amortization				
Land improvements	(8,572,623)	(1,161,017)	-	(9,733,640)
Buildings and improvements	(152,424,574)	(6,597,502)	-	(159,022,076)
Furniture and equipment	(12,986,415)	(2,060,506)	373,393	(14,673,528)
Right-to-use leased furniture and equipment	(108,448)	(54,226)	162,674	-
Right-to-use subscription IT assets	(64,277)	(286,408)	-	(350,685)
Total accumulated depreciation and amortization	(174,156,337)	(10,159,659)	536,067	(183,779,929)
Net depreciable and amortizable capital assets	238,971,044	6,906,202	(22,633)	245,854,613
Governmental activities capital assets, net	\$ 296,292,182	\$ 23,052,499	\$ (6,967,552)	\$ 312,377,129

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 6,129,770
Supervision of instruction	96,408
Instructional library, media, and technology	96,407
School site administration	289,224
Home-to-school transportation	1,831,750
Food services	674,856
Data processing	269,981
Plant services	771,263
Total depreciation and amortization expense governmental activities	\$ 10,159,659

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between major and non-major governmental funds are as follows:

Due To	Due From			Total
	General Fund	Cafeteria Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,196,134	\$ 243,678	\$ 1,439,812
Cafeteria Fund	1,363	-	-	1,363
Total	\$ 1,363	\$ 1,196,134	\$ 243,678	\$ 1,441,175

The balance of \$1,196,134 due to the General Fund from the Cafeteria Fund resulted from health benefit costs, postage, and other operating costs to be reimbursed.

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) Payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to cover capital project costs.	\$ 500,000
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Note 6 - Accounts Payable

Accounts payable at June 30, 2024, consisted of the following:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	\$ 23,477,130	\$ 119,981	\$ 119,824	\$ 23,716,935
Due to CDE	83,403	-		83,403
Other Vendor Payables	7,572,266	108,642	157,153	7,838,061
Total	\$ 31,132,799	\$ 228,623	\$ 276,977	\$ 31,638,399

Note 7 - Unearned Revenue

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 257,536	\$ 56,255	\$ -	\$ 313,791
State categorical aid	936,216	-	121,796	1,058,012
Total	\$ 1,193,752	\$ 56,255	\$ 121,796	\$ 1,371,803

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 50,609,112	\$ 135,552	\$ (6,000,000)	\$ 44,744,664	\$ 6,265,000
Unamortized premiums	6,484,882	-	(648,488)	5,836,394	-
Certificates of participation	-	21,210,000	-	21,210,000	-
Unamortized premiums	-	2,221,692	(111,085)	2,110,607	-
Leases	57,363	-	(57,363)	-	-
Subscription-based IT arrangements	870,313	-	(421,035)	449,278	199,807
Supplemental early retirement plan	-	13,968,745	-	13,968,745	2,793,749
Compensated absences	1,684,238	-	(162,210)	1,522,028	-
Total	\$ 59,705,908	\$ 37,535,989	\$ (7,400,181)	\$ 89,841,716	\$ 9,258,556

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation will be paid by the Special Reserve Fund for Capital Outlay Projects using contributions from the General Fund. Leases and the subscription-based IT arrangements will be paid by the General Fund. Payments for the supplemental early retirement plan are made by the General Fund. The compensated absences will be paid by the General Fund and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2024
5/29/2003	7/1/2027	1.80-5.12%	\$ 29,998,512	\$ 2,614,112	\$ 135,552	\$ -	\$ 2,749,664
11/29/2017	7/1/2033	2.00-5.00%	75,115,000	47,995,000	-	(6,000,000)	41,995,000
				<u>\$ 50,609,112</u>	<u>\$ 135,552</u>	<u>\$(6,000,000)</u>	<u>\$ 44,744,664</u>

2002 General Obligation Bonds, Series 2003

On May 29, 2003, the District issued the 2002 General Obligation Bonds, Series 2003 in the amount of \$29,998,512. The Bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$2,251,488 and an aggregate principal debt service balance of \$32,250,000. The bonds have a final maturity to occur on July 1, 2027, with interest rates ranging from 1.80 to 5.12%. Proceeds from the sale of the bonds were used to finance the repair, renovation, rehabilitation, replacement, construction, acquisition, improvement, furnishing and equipping of school facilities, and the acquisition of land within the District. At June 30, 2024, the principal balance outstanding was \$2,749,664.

General Obligation Refunding Bonds, Series 2017

On November 29, 2017, the District issued the General Obligation Refunding Bonds, Series 2017 in the amount of \$75,115,000. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on July 1, 2033, with interest rates ranging from 2.00 to 5.00%. Proceeds from sale of bonds were used to refund, on a current basis, a portion of the outstanding General Obligation Bonds, Election of 2002, Series 2003, to refund, on a current basis, all outstanding General Obligation Bonds, Election of 2002, Series 2005, to refund, on an advance basis, a portion of the outstanding General Obligation Bonds, Election of 2008, Series 2008, and to pay costs of issuance of the General Obligation Refunding Bonds, Series 2017. At June 30, 2024, the principal balance outstanding of the General Obligation Refunding Bonds, Series 2017 was \$41,995,000.

The bonds mature through 2034, as follows:

Year Ending June 30,	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2025	\$ 6,265,000	\$ -	\$ 1,890,506	\$ 8,155,506
2026	6,835,000	-	1,577,256	8,412,256
2027	4,680,000	-	1,235,506	5,915,506
2028	7,000,000	-	1,001,506	8,001,506
2029	3,370,000	-	651,506	4,021,506
2030-2034	<u>16,594,664</u>	<u>450,336</u>	<u>1,254,725</u>	<u>18,299,725</u>
Total	<u>\$ 44,744,664</u>	<u>\$ 450,336</u>	<u>\$ 7,611,005</u>	<u>\$ 52,806,005</u>

Certificates of Participation

In September 2023, the Redlands Unified School District Facilities Corporation issued certificates of participation in the amount of \$21,210,000. The certificates have a final maturity to occur on June 1, 2043, with an interest rate of 5.00%. The certificates were issued to modernize the District’s central kitchen. As of June 30, 2024, the principal balance outstanding was \$21,210,000.

The certificates mature through 2043 as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ -	\$ 1,060,500	\$ 1,060,500
2026	-	1,060,500	1,060,500
2027	515,000	1,060,500	1,575,500
2028	585,000	1,034,750	1,619,750
2029	650,000	1,005,500	1,655,500
2030-2034	4,545,000	4,461,250	9,006,250
2035-2039	7,070,000	3,072,000	10,142,000
2040-2043	7,845,000	1,018,000	8,863,000
Total	\$ 21,210,000	\$ 13,773,000	\$ 34,983,000

Leases

The District has entered into an agreement to lease a facility (classroom). As of June 30, 2024, the District no longer had lease obligations outstanding.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITA agreements for the use of various software. As of June 30, 2024, the District recognized a right-to-use subscriptions IT asset of \$597,286 and a SBITA liability of \$449,278 related to these agreements. During the fiscal year, the District recorded \$286,408 in amortization expense. The District is required to make annual principal and interest payments through 2028. The subscriptions have an interest rate of 4.25%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 199,808	\$ 19,095	\$ 218,903
2026	154,201	10,602	164,803
2027	45,811	4,049	49,860
2028	49,458	2,102	51,560
Total	\$ 449,278	\$ 35,848	\$ 485,126

Supplemental Early Retirement Plan (SERP)

During fiscal year 2023-2024, the District offered supplemental early retirement plan whereby certain eligible certificated and classified employees are provided an annuity to supplement the retirement benefits they are entitled to through the California State Teachers’ Retirement System. The annuities offered to the employees are to be paid over a five-year period.

Future annuity payments are as follows:

Year Ending June 30,	Amount
2025	\$ 2,793,749
2026	2,793,749
2027	2,793,749
2028	2,793,749
2029	2,793,749
Total	<u>\$ 13,968,745</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$1,522,028.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 71,173,369	\$ 19,829,548	\$ 12,593,339	\$ 5,842,789
Medical Premium Payment (MPP) Program	1,103,786	-	-	48,146
Total	<u>\$ 72,277,155</u>	<u>\$ 19,829,548</u>	<u>\$ 12,593,339</u>	<u>\$ 5,890,935</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	169
Active employees	2,052
	2,221
Total	2,221

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2024, the District paid \$1,782,837 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$71,173,369 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.93%
Healthcare cost trend rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	\$ 52,798,756
Service cost	3,345,922
Interest	1,955,681
Differences between expected and actual experience	15,827,018
Changes of assumptions	(971,171)
Benefit payments	(1,782,837)
Net change in total OPEB liability	18,374,613
Balance, June 30, 2024	\$ 71,173,369

There were no changes in benefit terms.

Changes of assumptions reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.93%)	\$ 76,362,624
Current discount rate (3.93%)	71,173,369
1% increase (4.93%)	66,293,741

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 63,688,481
Current healthcare cost trend rate (4.00%)	71,173,369
1% increase (5.00%)	79,971,542

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2024, the District recognized OPEB expense of \$5,842,789. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,715,170	\$ 7,272,918
Changes of assumptions	3,114,378	5,320,421
Total	\$ 19,829,548	\$ 12,593,339

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

Year Ended June 30,	Deferred Outflows of Resources
2024	\$ 541,186
2025	541,186
2026	541,186
2027	541,186
2028	541,186
Thereafter	4,530,279
Total	\$ 7,236,209

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers’ Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of \$1,103,786 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.3638%, and 0.3205%, resulting in a net increase in the proportionate share of 0.0433%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$48,146.

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.65%	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.65%)	\$ 1,199,588
Current discount rate (3.65%)	1,103,786
1% increase (4.65%)	1,020,485

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,015,593
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	1,103,786
1% increase (5.50% Part A and 6.40% Part B)	1,203,353

Note 10 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$15,965,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 50,000	\$ 4,430	\$ -	\$ 54,430
Stores inventories	815,365	743,310	-	1,558,675
Prepaid expenditures	657,066	-	-	657,066
Total nonspendable	<u>1,522,431</u>	<u>747,740</u>	<u>-</u>	<u>2,270,171</u>
Restricted				
Legally restricted programs	55,123,522	-	-	55,123,522
Other activities	-	-	2,232,638	2,232,638
Child nutrition	-	30,179,913	-	30,179,913
Capital projects	-	-	14,443,083	14,443,083
Debt service	-	-	8,766,538	8,766,538
Total restricted	<u>55,123,522</u>	<u>30,179,913</u>	<u>25,442,259</u>	<u>110,745,694</u>
Committed				
Textbook adoptions	6,250,000	-	-	6,250,000
REV Stadium Phase II	6,000,000	-	-	6,000,000
Increased pension costs	28,703,882	-	-	28,703,882
Total committed	<u>40,953,882</u>	<u>-</u>	<u>-</u>	<u>40,953,882</u>
Assigned				
Lottery	2,738,191	-	-	2,738,191
Adult education	-	-	94,124	94,124
Child development	-	-	36,513	36,513
Capital projects	-	-	8,508,303	8,508,303
Total assigned	<u>2,738,191</u>	<u>-</u>	<u>8,638,940</u>	<u>11,377,131</u>
Unassigned				
Reserve for economic uncertainties	10,830,580	-	-	10,830,580
Total	<u>\$ 111,168,606</u>	<u>\$ 30,927,653</u>	<u>\$ 34,081,199</u>	<u>\$ 176,177,458</u>

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with Southern California Regional Liability Excess Fund (SCR) public entity risk pool for property and liability insurance coverage. Excess liability coverage has been secured through participation in the Schools Association for Excess Risk (SAFER) public entity risk pool. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2024, the District participated in the Protected Insurance Program for Schools (PIPS) public entity risk pool. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in PIPS. The workers' compensation experience of the participating districts is calculated based on each participating district's experience rating and a premium/contribution rate is applied to all districts in PIPS. Participation in PIPS is limited to districts that can meet PIPS' membership requirements.

Employee Medical Benefits

The District has participated in the Controlling Insurance Costs in California Schools (CISS) public entity risk pool for dental, vision, and life insurance coverage. CISS is a shared risk pool comprised of local educational agencies. Rates are set through an annual process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members. The District purchases medical insurance from commercial insurance companies for healthcare coverage and additional dental coverage.

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 187,302,290	\$ 76,409,024	\$ 16,881,715	\$ 31,031,635
CalPERS	97,454,859	38,338,553	1,496,763	18,743,837
Total	<u>\$ 284,757,149</u>	<u>\$ 114,747,577</u>	<u>\$ 18,378,478</u>	<u>\$ 49,775,472</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$29,321,998.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, including State share

Proportionate share of net pension liability	\$ 187,302,290
State's proportionate share of the net pension liability	<u>89,741,794</u>
Total	<u><u>\$ 277,044,084</u></u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.2459% and 0.2135%, resulting in a net increase in the proportionate share of 0.0324%.

For the year ended June 30, 2024, the District recognized pension expense of \$31,031,635. In addition, the District recognized pension expense and revenue of \$12,207,363 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 29,321,998	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	30,481,871	6,860,092
Differences between projected and actual earnings on pension plan investments	801,731	-
Differences between expected and actual experience in the measurement of the total pension liability	14,718,875	10,021,623
Changes of assumptions	<u>1,084,549</u>	<u>-</u>
Total	<u><u>\$ 76,409,024</u></u>	<u><u>\$ 16,881,715</u></u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (5,892,672)
2026	(9,234,853)
2027	15,176,098
2028	753,158
Total	<u>\$ 801,731</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2025	\$ 5,294,071
2026	5,419,275
2027	4,879,366
2028	2,610,287
2029	5,487,991
Thereafter	5,712,590
Total	<u>\$ 29,403,580</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10%) and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 314,184,645
Current discount rate (7.10%)	187,302,290
1% increase (8.10%)	81,911,705

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$13,622,542.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$97,454,859. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.2692% and 0.2461%, resulting in a net increase in the proportionate share of 0.0231%.

For the year ended June 30, 2024, the District recognized pension expense of \$18,743,837. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 13,622,542	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,260,330	-
Differences between projected and actual earnings on pension plan investments	10,409,572	-
Differences between expected and actual experience in the measurement of the total pension liability	3,556,403	1,496,763
Changes of assumptions	4,489,706	-
	<u>\$ 38,338,553</u>	<u>\$ 1,496,763</u>
Total		

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2025	\$ 1,941,791
2026	1,150,367
2027	6,993,460
2028	323,954
	<u>\$ 10,409,572</u>
Total	

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2025	\$ 5,552,923
2026	4,890,453
2027	2,366,300
Total	<u>\$ 12,809,676</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 140,894,536
Current discount rate (6.90%)	97,454,859
1% increase (7.90%)	61,552,955

Alternative Retirement Program

The District also contributes to the Accumulation Program for Part-time and Limited Service Employees (APPLE), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use APPLE as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75% of an employee's gross earnings. An employee is required to contribute 3.75% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$120,463, which was 3.75% of its current year covered payroll. Employees required and actual contributions matched that of the employers.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$14,354,335 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
HVAC Project	\$ 1,750,000	12/31/24
REV HS Stadium Project	5,892,402	06/30/25
REV HS Pool Project	130,762	12/31/24
Roofing at Multiple Sites	156,350	01/31/25
Packing House Project	927,606	06/30/25
Total	<u>\$ 8,857,120</u>	

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Controlling Insurance Costs in California Schools (CICCS), Protected Insurance Program for Schools (PIPS), Southern California Regional Liability Excess Fund (SCR) public entity risk pools, Redlands Unified School District/Loma Linda Redevelopment Agency (RUSD/LLRA), and the Colton-Redlands-Yucaipa Regional Occupational Program (CRYROP) joint powers authorities (JPA's). Payments for employee medical benefits are paid to CICCS. Payments for workers' compensation coverage are paid to PIPS. The District pays an annual premium to SCR for property and liability coverage. The District also pays Schools Association for Excess Risk (SAFER) through SCR an annual premium for excess insurance for property and liability coverage. ROP services are paid to the CRYROP JPA. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

During the year ended June 30, 2024, the District made payments of \$4,567,426, \$4,034,780, \$4,197,422, and \$2,652,423 to CICCS, PIPS, SCR, and CRYROP, respectively, for the services and coverage noted.



Required Supplementary Information
June 30, 2024

Redlands Unified School District

Redlands Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 262,118,387	\$ 262,239,413	\$ 262,230,160	\$ (9,253)
Federal sources	31,468,411	28,678,676	25,590,045	(3,088,631)
Other State sources	43,232,750	45,052,548	45,071,875	19,327
Other local sources	20,556,309	30,614,431	32,826,728	2,212,297
Total revenues	<u>357,375,857</u>	<u>366,585,068</u>	<u>365,718,808</u>	<u>(866,260)</u>
Expenditures				
Current				
Certificated salaries	155,693,705	162,221,781	159,380,421	2,841,360
Classified salaries	52,008,112	54,361,072	52,755,146	1,605,926
Employee benefits	89,700,428	92,069,149	86,766,919	5,302,230
Books and supplies	17,097,326	20,340,714	9,580,494	10,760,220
Services and operating expenditures	41,772,387	49,948,027	38,164,665	11,783,362
Other outgo	2,701,021	2,701,020	2,380,710	320,310
Capital outlay	9,555,740	20,586,764	13,226,330	7,360,434
Debt service				
Debt service - principal	-	-	478,398	(478,398)
Debt service - interest and other	-	-	6,146	(6,146)
Total expenditures	<u>368,528,719</u>	<u>402,228,527</u>	<u>362,739,229</u>	<u>39,489,298</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,152,862)</u>	<u>(35,643,459)</u>	<u>2,979,579</u>	<u>38,623,038</u>
Other Financing Uses				
Transfers out	-	-	(500,000)	(500,000)
Net Change in Fund Balances	(11,152,862)	(35,643,459)	2,479,579	38,123,038
Fund Balance - Beginning	<u>108,689,027</u>	<u>108,689,027</u>	<u>108,689,027</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 97,536,165</u>	<u>\$ 73,045,568</u>	<u>\$ 111,168,606</u>	<u>\$ 38,123,038</u>

Redlands Unified School District
 Budgetary Comparison Schedule – Cafeteria Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 11,263,006	\$ 12,934,016	\$ 12,441,414	\$ (492,602)
Other State sources	3,014,544	6,705,379	6,705,379	-
Other local sources	-	1,212,374	1,212,373	(1)
Total revenues	<u>14,277,550</u>	<u>20,851,769</u>	<u>20,359,166</u>	<u>(492,603)</u>
Expenditures				
Current				
Classified salaries	4,150,235	4,550,235	4,479,975	70,260
Employee benefits	2,070,967	2,348,167	2,153,834	194,333
Books and supplies	6,021,506	6,973,578	5,657,808	1,315,770
Services and operating expenditures	534,350	6,719,084	618,441	6,100,643
Other outgo	181,792	181,792	278,224	(96,432)
Capital outlay	<u>1,320,000</u>	<u>1,464,047</u>	<u>961,926</u>	<u>502,121</u>
Total expenditures	<u>14,278,850</u>	<u>22,236,903</u>	<u>14,150,208</u>	<u>8,086,695</u>
Net Change in Fund Balances	(1,300)	(1,385,134)	6,208,958	7,594,092
Fund Balance - Beginning	<u>24,718,695</u>	<u>24,718,695</u>	<u>24,718,695</u>	-
Fund Balance - Ending	<u>\$ 24,717,395</u>	<u>\$ 23,333,561</u>	<u>\$ 30,927,653</u>	<u>\$ 7,594,092</u>

Redlands Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 3,345,922	\$ 3,317,001	\$ 4,423,880	\$ 4,277,792
Interest	1,955,681	1,789,369	1,331,502	1,269,622
Difference between expected and actual experience	15,827,018	-	(9,412,014)	-
Changes of assumptions	(971,171)	(458,699)	(5,219,272)	182,600
Benefit payments	(1,782,837)	(1,475,141)	(1,859,120)	(1,879,875)
Net change in total OPEB liability	18,374,613	3,172,530	(10,735,024)	3,850,139
Total OPEB Liability - Beginning	52,798,756	49,626,226	60,361,250	56,511,111
Total OPEB Liability - Ending	<u>\$ 71,173,369</u>	<u>\$ 52,798,756</u>	<u>\$ 49,626,226</u>	<u>\$ 60,361,250</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
		2020	2019	2018
Total OPEB Liability				
Service cost		\$ 3,992,657	\$ 3,697,449	\$ 3,598,491
Interest		1,633,427	1,468,500	1,454,646
Difference between expected and actual experience		3,183,559	-	-
Changes of assumptions		3,799,099	921,326	-
Benefit payments		(1,541,298)	(1,504,033)	(1,446,186)
Net change in total OPEB liability		11,067,444	4,583,242	3,606,951
Total OPEB Liability - Beginning		45,443,667	40,860,425	37,253,474
Total OPEB Liability - Ending		<u>\$ 56,511,111</u>	<u>\$ 45,443,667</u>	<u>\$ 40,860,425</u>
Covered Payroll		N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll		N/A ¹	N/A ¹	N/A ¹
Measurement Date		June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Redlands Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.3638%	0.3205%	0.3115%	0.3800%
Proportionate share of the net OPEB liability	\$ 1,103,786	\$ 1,055,640	\$ 1,242,617	\$ 1,610,567
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
 Year ended June 30,		2020	2019	2018
Proportion of the net OPEB liability		0.3499%	0.3363%	0.3406%
Proportionate share of the net OPEB liability		\$ 1,303,142	\$ 1,287,228	\$ 1,432,845
Covered payroll		N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll		N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability		(0.81%)	(0.40%)	0.01%
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Redlands Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.2459%	0.2135%	0.2073%	0.2181%	0.1978%
Proportionate share of the net pension liability	\$ 187,302,290	\$ 148,372,351	\$ 94,317,361	\$ 211,366,080	\$ 178,656,722
State's proportionate share of the net pension liability	89,741,794	74,304,293	47,457,140	108,959,239	97,469,169
Total	<u>\$ 277,044,084</u>	<u>\$ 222,676,644</u>	<u>\$ 141,774,501</u>	<u>\$ 320,325,319</u>	<u>\$ 276,125,891</u>
Covered payroll	<u>\$ 140,783,817</u>	<u>\$ 125,238,381</u>	<u>\$ 117,187,697</u>	<u>\$ 116,228,409</u>	<u>\$ 104,619,767</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>133.04%</u>	<u>118.47%</u>	<u>80.48%</u>	<u>181.85%</u>	<u>170.77%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.1874%	0.1881%	0.1860%	0.1927%	0.1732%
Proportionate share of the net pension liability	\$ 172,198,009	\$ 173,974,394	\$ 150,401,473	\$ 129,743,955	\$ 101,224,679
State's proportionate share of the net pension liability	98,591,413	102,921,782	85,620,876	68,620,250	61,123,831
Total	<u>\$ 270,789,422</u>	<u>\$ 276,896,176</u>	<u>\$ 236,022,349</u>	<u>\$ 198,364,205</u>	<u>\$ 162,348,510</u>
Covered payroll	<u>\$ 98,959,286</u>	<u>\$ 98,720,064</u>	<u>\$ 93,308,900</u>	<u>\$ 89,448,401</u>	<u>\$ 89,768,883</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>174.01%</u>	<u>176.23%</u>	<u>161.19%</u>	<u>145.05%</u>	<u>112.76%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Redlands Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.2692%	0.2461%	0.2394%	0.2330%	0.2177%
Proportionate share of the net pension liability	\$ 97,454,859	\$ 84,667,985	\$ 48,680,021	\$ 71,486,939	\$ 63,442,811
Covered payroll	\$ 46,027,690	\$ 38,117,364	\$ 34,517,845	\$ 34,562,076	\$ 30,339,846
Proportionate share of the net pension liability as a percentage of its covered payroll	211.73%	222.12%	141.03%	206.84%	209.11%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.2247%	0.2278%	0.2206%	0.2266%	0.2256%
Proportionate share of the net pension liability	\$ 59,906,175	\$ 54,387,344	\$ 43,563,709	\$ 33,396,035	\$ 25,605,911
Covered payroll	\$ 29,629,090	\$ 29,091,158	\$ 26,606,930	\$ 31,755,484	\$ 25,079,473
Proportionate share of the net pension liability as a percentage of its covered payroll	202.19%	186.95%	163.73%	105.17%	102.10%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Redlands Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 29,321,998	\$ 26,889,709	\$ 21,190,334	\$ 18,925,813	\$ 19,875,058
Less contributions in relation to the contractually required contribution	<u>29,321,998</u>	<u>26,889,709</u>	<u>21,190,334</u>	<u>18,925,813</u>	<u>19,875,058</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 153,518,314</u>	<u>\$ 140,783,817</u>	<u>\$ 125,238,381</u>	<u>\$ 117,187,697</u>	<u>\$ 116,228,409</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 17,032,098	\$ 14,279,825	\$ 12,418,984	\$ 10,012,045	\$ 7,943,018
Less contributions in relation to the contractually required contribution	<u>17,032,098</u>	<u>14,279,825</u>	<u>12,418,984</u>	<u>10,012,045</u>	<u>7,943,018</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 104,619,767</u>	<u>\$ 98,959,286</u>	<u>\$ 98,720,064</u>	<u>\$ 93,308,900</u>	<u>\$ 89,448,401</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Redlands Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 13,622,542	\$ 11,677,225	\$ 8,732,688	\$ 7,145,194	\$ 6,815,987
Less contributions in relation to the contractually required contribution	<u>13,622,542</u>	<u>11,677,225</u>	<u>8,732,688</u>	<u>7,145,194</u>	<u>6,815,987</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 51,059,003</u>	<u>\$ 46,027,690</u>	<u>\$ 38,117,364</u>	<u>\$ 34,517,845</u>	<u>\$ 34,562,076</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,479,983	\$ 4,601,694	\$ 4,040,180	\$ 3,152,123	\$ 3,737,938
Less contributions in relation to the contractually required contribution	<u>5,479,983</u>	<u>4,601,694</u>	<u>4,040,180</u>	<u>3,152,123</u>	<u>3,737,938</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 30,339,846</u>	<u>\$ 29,629,090</u>	<u>\$ 29,091,158</u>	<u>\$ 26,606,930</u>	<u>\$ 31,755,484</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – No changes noted in benefit terms.
- *Changes of Assumptions* – Changes of assumptions reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

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

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2024

Redlands Unified School District

Redlands Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Basic Education & English Language Acquisition	84.002A	14508	\$ 113,145
Adult Secondary Education	84.002	13978	<u>177,092</u>
Subtotal			<u>290,237</u>
Title I Grants to Local Educational Agencies - Low Income and Neglected			
	84.010	14329	3,884,151
Title I Grants to Local Educational Agencies - School Improvement Funding for LEAs			
	84.010	15438	<u>145,642</u>
Subtotal			<u>4,029,793</u>
Title II, Part A Supporting Effective Instruction			
	84.367	14341	339,262
Special Education - Early Intervention Grant			
	84.181	23761	14,436
English Language Acquisition State Grants English - English Learning Student			
	84.365	14346	274,142
Title IV, Part A Student Support and Academic Enrichment Grants			
	84.424	15396	194,407
Carl D. Perkins Career and Technical Education: Secondary, Section 131			
	84.048	14894	174,272
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund			
	84.425U	15559	6,593,886
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss			
	84.425U	10155	2,820,181
COVID-19 ESSER III State Reserve Emergency Needs			
	84.425U	15620	1,672,680
COVID-19 ESSER III State Reserve Learning Loss			
	84.425U	15621	2,883,412
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)			
	84.425W	15566	<u>201,071</u>
Subtotal			<u>14,171,230</u>
Passed Through East Valley SELPA			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,102,951
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	119,349
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>234,532</u>
Subtotal			<u>5,456,832</u>
Preschool Grants, Part B, Sec 619			
	84.173	13430	117,021
Special Education: IDEA Preschool Capacity Building, Part B, Sec 619			
	84.173A	13839	15,545
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>939</u>
Subtotal			<u>133,505</u>
Subtotal Special Education Cluster (IDEA)			<u>5,590,337</u>
Total U.S. Department of Education			<u>25,078,116</u>

Redlands Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Breakfast Program Severe Need	10.553	13526	\$ 2,653,744
School Lunch - Section 4	10.555	13523	1,000,236
School Lunch - Section 11	10.555	13524	5,239,230
Supply Chain Assistance (SCA) Funds	10.555	15655	301,796
Commodities	10.555	13524	757,795
Local Food for Schools	10.555	15708	166,990
Subtotal			<u>7,466,047</u>
Summer Food Service Program Operations	10.559	13004	149,907
Subtotal Child Nutrition Cluster			<u>10,269,698</u>
NSLP Equipment Assistance Grants	10.579	14906	194,047
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	95,568
Subtotal Forest Service Schools and Roads Cluster			<u>95,568</u>
Passed through California Department of Social Services			
Child Care Food Program (CCFP) Claims-Centers and			
Family Day Care Homes	10.558	13529	1,614,516
CCFP Cash in Lieu of Commodities	10.558	13534	111,648
Subtotal			<u>1,726,164</u>
Total U.S. Department of Agriculture			<u>12,285,477</u>
U.S. Department of Defense			
Junior Reserve Officer Training Corps	12.000	[1]	87,439
Total U.S. Department of Treasury			<u>87,439</u>
Total Federal Financial Assistance			<u>\$ 37,451,032</u>

[1] Direct funded

Redlands Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report		As Adjusted per Audit	
	Second Period Report 7564853E	Annual Report A1F8774B	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	5,276.84	5,282.85	5,276.71	5,282.72
Fourth through sixth	4,047.14	4,047.52	4,047.14	4,047.52
Seventh and eighth	2,804.31	2,802.70	2,804.31	2,802.70
Ninth through twelfth	6,111.01	6,064.45	6,111.01	6,064.45
Total Regular ADA	<u>18,239.30</u>	<u>18,197.52</u>	<u>18,239.17</u>	<u>18,197.39</u>
Extended Year Special Education				
Transitional kindergarten through third	3.43	3.43	3.43	3.43
Fourth through sixth	1.39	1.39	1.39	1.39
Seventh and eighth	1.39	1.39	1.39	1.39
Ninth through twelfth	3.53	3.53	3.53	3.53
Total Extended Year Special Education	<u>9.74</u>	<u>9.74</u>	<u>9.74</u>	<u>9.74</u>
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	0.80	0.81	0.80	0.81
Seventh and eighth	0.93	1.93	0.93	1.93
Ninth through twelfth	3.72	4.56	3.72	4.56
Total Special Education, Nonpublic, Nonsectarian Schools	<u>5.45</u>	<u>7.30</u>	<u>5.45</u>	<u>7.30</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	0.11	0.11	0.11	0.11
Seventh and eighth	0.07	0.09	0.07	0.09
Ninth through twelfth	0.10	0.10	0.10	0.10
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.28</u>	<u>0.30</u>	<u>0.28</u>	<u>0.30</u>
Total ADA	<u><u>18,254.77</u></u>	<u><u>18,214.86</u></u>	<u><u>18,254.64</u></u>	<u><u>18,214.73</u></u>

Redlands Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

All sites, except for Highland Grove Elementary and Beattie Middle School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	35,800	200	36,000	179	1	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,220	291	50,511	179	1	180	N/A	N/A	N/A	Complied
Grade 2		50,220	291	50,511	179	1	180	N/A	N/A	N/A	Complied
Grade 3		50,220	291	50,511	179	1	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		53,755	313	54,068	179	1	180	N/A	N/A	N/A	Complied
Grade 5		53,755	313	54,068	179	1	180	N/A	N/A	N/A	Complied
Grade 6		59,242	354	59,596	179	1	180	N/A	N/A	N/A	Complied
Grade 7		59,242	354	59,596	179	1	180	N/A	N/A	N/A	Complied
Grade 8		59,242	354	59,596	179	1	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,580	345	64,925	179	1	180	N/A	N/A	N/A	Complied
Grade 10		64,580	345	64,925	179	1	180	N/A	N/A	N/A	Complied
Grade 11		64,580	345	64,925	179	1	180	N/A	N/A	N/A	Complied
Grade 12		64,580	345	64,925	179	1	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 200 minutes for kindergarten, 291 minutes for grades 1-3, 313 minutes for grades 4-5, 354 minutes for grades 6-8, 345 minutes for grades 9-12, and 1 day.

Redlands Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Highland Grove Elementary

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	35,600	400	36,000	178	2	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		49,929	582	50,511	178	2	180	N/A	N/A	N/A	Complied
Grade 2		49,929	582	50,511	178	2	180	N/A	N/A	N/A	Complied
Grade 3		49,929	582	50,511	178	2	180	N/A	N/A	N/A	Complied
Grades 4 - 5	54,000										
Grade 4		53,442	626	54,068	178	2	180	N/A	N/A	N/A	Complied
Grade 5		53,442	626	54,068	178	2	180	N/A	N/A	N/A	Complied

* Highland Grove Elementary received an approved J-13A for 400 minutes for kindergarten, 582 minutes for grades 1-3, 626 minutes for grades 4-5, and 1 day.

Beattie Middle School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 6 - 8	50,400										
Grade 6		58,888	708	59,596	178	2	180	N/A	N/A	N/A	Complied
Grade 7		58,888	708	59,596	178	2	180	N/A	N/A	N/A	Complied
Grade 8		58,888	708	59,596	178	2	180	N/A	N/A	N/A	Complied

*Beattie Middle School received an approved J-13A for 708 minutes for grades 6-8 and 2 days.

Redlands Unified School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2024

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Student Activity Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund
Fund Balance				
Balance, June 30, 2024, Unaudited Actuals	\$ 1,947,125	\$ 8,508,303	\$ 5,694,738	\$ 8,732,967
Increase in				
Investments	-	2,217,653	364,677	-
Account receivables	-	-	-	33,571
Decrease in				
Cash in county	-	-	(3,000)	-
Cash in banks	(74,179)	-	-	-
	<u>\$ 1,872,946</u>	<u>\$ 10,725,956</u>	<u>\$ 6,056,415</u>	<u>\$ 8,766,538</u>
Balance, June 30, 2024, Audited Financial Statements	<u>\$ 1,872,946</u>	<u>\$ 10,725,956</u>	<u>\$ 6,056,415</u>	<u>\$ 8,766,538</u>

Redlands Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund Revenues	\$ 330,006,277	\$ 365,718,808	\$ 384,491,811	\$ 300,540,522
Other sources	-	-	755,141	-
Total revenues and other sources	<u>330,006,277</u>	<u>365,718,808</u>	<u>385,246,952</u>	<u>300,540,522</u>
Expenditures	358,706,642	362,739,229	357,046,173	301,064,908
Other uses	500,000	500,000	-	-
Total expenditures and other uses	<u>359,206,642</u>	<u>363,239,229</u>	<u>357,046,173</u>	<u>301,064,908</u>
Increase/(Decrease) in Fund Balance	<u>(29,200,365)</u>	<u>2,479,579</u>	<u>28,200,779</u>	<u>(524,386)</u>
Ending Fund Balance	<u>\$ 81,968,241</u>	<u>\$ 111,168,606</u>	<u>\$ 108,689,027</u>	<u>\$ 80,488,248</u>
Available Reserves ²	<u>\$ 10,776,200</u>	<u>\$ 10,830,580</u>	<u>\$ 10,690,000</u>	<u>\$ 12,912,495</u>
Available Reserves as a Percentage of Total Outgo	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>4.3%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 446,876,020</u>	<u>\$ 346,600,640</u>	<u>\$ 256,672,716</u>
K-12 Average Daily Attendance at P-2	<u>18,406</u>	<u>18,255</u>	<u>19,810</u>	<u>19,810</u>

The General Fund balance has increased by \$30,680,358 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$29,200,365 (26.3%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$190,203,304 over the past two years.

Average daily attendance has decreased by 1,555 over the past two years. An increase of 151 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 2025, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Redlands Unified School District
Schedule of Charter Schools
Year Ended June 30, 2024

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
The Grove School	0180	No

Redlands Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Building Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 1,872,946	\$ 398,463	\$ 451,046	\$ 149,483	\$ 6,002,552
Receivables	-	215,617	2,757	1,489	75,387
Total assets	\$ 1,872,946	\$ 614,080	\$ 453,803	\$ 150,972	\$ 6,077,939
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 104,834	\$ 140,007	\$ -	\$ 27,186
Due to other funds	-	90,072	120,845	-	32,761
Unearned revenue	-	-	121,796	-	-
Total liabilities	-	194,906	382,648	-	59,947
Fund Balances					
Restricted	1,872,946	325,050	34,642	150,972	6,017,992
Assigned	-	94,124	36,513	-	-
Total fund balances	1,872,946	419,174	71,155	150,972	6,017,992
Total liabilities and fund balances	\$ 1,872,946	\$ 614,080	\$ 453,803	\$ 150,972	\$ 6,077,939

Redlands Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 51	\$ 10,658,830	\$ 6,046,543	\$ 8,732,967	\$ 34,312,881
Receivables	-	72,076	9,872	33,571	410,769
Total assets	\$ 51	\$ 10,730,906	\$ 6,056,415	\$ 8,766,538	\$ 34,723,650
Liabilities and Fund Balances					
Liabilities					
Accounts payable	-	4,950	-	-	276,977
Due to other funds	-	-	-	-	243,678
Unearned revenue	-	-	-	-	121,796
Total liabilities	-	4,950	-	-	642,451
Fund Balances					
Restricted	51	2,217,653	6,056,415	8,766,538	25,442,259
Assigned	-	8,508,303	-	-	8,638,940
Total fund balances	51	10,725,956	6,056,415	8,766,538	34,081,199
Total liabilities and fund balances	\$ 51	\$ 10,730,906	\$ 6,056,415	\$ 8,766,538	\$ 34,723,650

Redlands Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Building Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 290,237	\$ -	\$ -	\$ -
Other State sources	-	1,224,866	3,956	-	-
Other local sources	2,566,516	10,009	874,326	7,534	2,431,138
Total revenues	2,566,516	1,525,112	878,282	7,534	2,431,138
Expenditures					
Current					
Instruction	-	680,219	700,978	-	-
Instruction-related activities					
Supervision of instruction	-	1,977	75,585	-	-
School site administration	-	448,558	85,717	-	-
Pupil services					
All other pupil services	-	210,305	3,719	-	-
Plant services	-	-	1,556	-	6,844
Ancillary services	2,656,304	-	-	-	-
Facility acquisition and construction	-	12,886	116,683	-	833,946
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	2,656,304	1,353,945	984,238	-	840,790
Excess (Deficiency) of Revenues Over Expenditures	(89,788)	171,167	(105,956)	7,534	1,590,348
Other Financing Sources					
Transfers in	-	-	-	-	-
Other sources - proceeds from issuance of certificates of participation	-	-	-	-	-
Other sources - premium from issuance of certificates of participation	-	-	-	-	-
Net Financing Sources	-	-	-	-	-
Net Change in Fund Balances	(89,788)	171,167	(105,956)	7,534	1,590,348
Fund Balance - Beginning	1,962,734	248,007	177,111	143,438	4,427,644
Fund Balance - Ending	\$ 1,872,946	\$ 419,174	\$ 71,155	\$ 150,972	\$ 6,017,992

Redlands Unified School District

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

June 30, 2024

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 290,237
Other State sources	-	-	-	37,126	1,265,948
Other local sources	3	291,306	392,021	8,722,573	15,295,426
Total revenues	3	291,306	392,021	8,759,699	16,851,611
Expenditures					
Current					
Instruction	-	-	-	-	1,381,197
Instruction-related activities					
Supervision of instruction	-	-	-	-	77,562
School site administration	-	-	-	-	534,275
Pupil services					
All other pupil services	-	-	-	-	214,024
Plant services	-	-	8,880	-	17,280
Ancillary services	-	-	-	-	2,656,304
Facility acquisition and construction	-	12,348,730	-	-	13,312,245
Debt service					
Principal	-	-	-	6,000,000	6,000,000
Interest and other	-	1,310,692	-	2,190,506	3,501,198
Total expenditures	-	13,659,422	8,880	8,190,506	27,694,085
Excess (Deficiency) of Revenues Over Expenditures	3	(13,368,116)	383,141	569,193	(10,842,474)
Other Financing Sources					
Transfers in	-	500,000	-	-	500,000
Other sources - proceeds from issuance of certificates of participation	-	21,210,000	-	-	21,210,000
Other sources - premium from issuance of certificates of participation	-	2,221,692	-	-	2,221,692
Net Financing Sources	-	23,931,692	-	-	23,931,692
Net Change in Fund Balances	3	10,563,576	383,141	569,193	13,089,218
Fund Balance - Beginning	48	162,380	5,673,274	8,197,345	20,991,981
Fund Balance - Ending	\$ 51	\$ 10,725,956	\$ 6,056,415	\$ 8,766,538	\$ 34,081,199

Note 1 - Purpose of Scheduled

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Redlands Unified School District (the District) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position or fund balance of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal assistance was provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District did not report any commodities as inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

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

These Schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Other Information
June 30, 2024

Redlands Unified School District

ORGANIZATION

The Redlands Unified School District (the District) was established in 1963. The District encompasses 147 square miles and serves the communities of Redlands, Loma Linda, Mentone, Forest Falls, and portions of San Bernardino and Highland. Current enrollment in grades K-12 is approximately 19,800. The District's 16 elementary schools serve kindergarten through fifth grade, with four middle schools serving grades six through eight. The District has three comprehensive high schools, a continuation high school, an adult education program, and alternative programs for independent and home-school study. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Alex Vara	President	2024
Michele Rendler	Vice President	2026
Jim O’Neill	Clerk	2024
Melissa Ayala-Quintero	Member	2024
Patty Holohan	Member	2026

ADMINISTRATION

Juan J. Cabral	Superintendent
Dr. Sabine Robertson-Phillips	Assistant Superintendent, Human Resources
Dr. Kenneth Wagner	Assistant Superintendent, Educational Services
Jason Hill	Assistant Superintendent, Business Services
Kirtan Shah	Director, Fiscal Services



Independent Auditor's Reports
June 30, 2024

Redlands Unified School District



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*

To the Governing Board
Redlands Unified School District
Redlands, California

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redlands Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 16, 2024.

District's Response to Findings

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

Purpose of this Report

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



Rancho Cucamonga, California
December 16, 2024



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Redlands Unified School District
Redlands, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Redlands Unified School District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Rancho Cucamonga, California
December 16, 2024



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

To the Governing Board
Redlands Unified School District
Redlands, California

Report on Compliance

Opinion on State Compliance

We have audited Redlands Unified School District's (the District) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, the 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, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 *2023-2024 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 *2023-2024 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 *2023-2024 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:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
 School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
 Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003 to be significant deficiencies.

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

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

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 16, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Redlands Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 ESSER III State Reserve Emergency Needs	84.425U
COVID-19 ESSER III State Reserve Learning Loss	84.425U
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W
Special Education Cluster	84.027, 84.027A, 84.173, 84.173A
Dollar threshold used to distinguish between type A and type B programs	\$1,123,531
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters to be reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2024-001 30000 – Adjustments and Financial Statement Preparation (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District’s financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified misstatements of balances within the District’s 2023-2024 unaudited actuals financial report. Through review of supporting records, the following was noted:

- | | |
|---|-------------|
| 1. Student Activity Fund: | |
| a. Overstatement of cash in banks | \$74,179 |
| 2. Special Reserve Fund for Capital Outlay Projects: | |
| a. Understatement of investments | \$2,217,653 |
| 3. Capital Projects Fund for Blended Component Units: | |
| a. Understatement of investments | \$364,677 |
| b. Overstatement of cash in county | \$3,000 |
| 4. Bond Interest and Redemption Fund: | |
| a. Understatement of accounts receivables | \$33,571 |

Context

The conditions were identified as a result of reviewing the District’s unaudited actuals, general ledger detail, and supporting documents for the related account balances.

Cause

The cause appears to be a deficiency in the District’s internal control and review system as it was not able to prevent the misstatements to the financial statements.

Effect

Due to the conditions identified, the Student Activity Fund, Special Reserve Fund for Capital Outlay Projects, Capital Projects Fund for Blended Component Units, and Bond Interest and Redemption Fund were misstated by the amounts noted above.

Repeat Finding

No.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process and implement a process to review all balances during its year-end closing process to determine the proper cut-off period. In addition, a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The District will thoroughly review its year-end activities and ensure the necessary entries are made to the financial statements.

None reported.

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance

2024-002 40000 – After School Education and Safety Program (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

Per California Education Code Section 8483(a)(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy. Pupil attendance records must be maintained to verify and support the program’s compliance with this requirement.

Condition

While verifying the total students served at Victoria Elementary School for the month of November 2023, the auditor noted instances where students were signed out early without documenting the reason for early release, or the early release codes did not agree to the established codes. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy.

Additionally, in reviewing Victoria Elementary School’s and Cope Middle Schools daily sign-out sheets, it was noted that the total daily students served did not agree to the District’s total count of daily students served. The number of students served were understated by 105 and 45 students, respectively.

Effect

The District is not in compliance with California *Education Code* Section 8483(a)(2).

Cause

The cause of the condition appears to be a result of parents failing to record an early release code on the sign-out sheet when checking their children out of the program and site personnel being unaware of documentation retention requirements related to the program.

Additionally, there appears to be a lack of appropriate review procedures to verify that attendance information agrees to corresponding detail attendance records reported to CDE.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Repeat Finding

Yes, see prior year finding 2023-001.

Recommendation

We recommend that the District verify that all afterschool program personnel are aware of document retention requirements related to pupil attendance and continue enforcing its early release policy by communicating with parents the importance of documenting the reason for early release. In addition, prior to submission of attendance information to the State, the District should ensure the monthly summaries agree to the attendance detail reports. An individual from the District should review and re-compute monthly attendance numbers per school site to verify that accurate information is being sent to the State for reporting.

Corrective Action Plan and Views of Responsible Officials

The District will work with the afterschool program personnel and provide necessary training to ensure they are aware of the program requirements to avoid discrepancies in the future.

2024-003

40000 – Immunizations (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

As required by Title 17, California *Code of Regulations* Section 6025, kindergarten and transitional kindergarten students are required to have two doses of the varicella and measles vaccines, or a current medical exemption from varicella and measles immunization on file, prior to admission to school.

Condition

Two out of 11 students tested did not have both doses of the varicella vaccine prior to admission to school, and did not receive their second dose within 4 calendar months of the first dose. Both students were included in attendance and thus generated apportionment days reported on P-2 and Annual attendance reports that should have been excluded.

Effect

The District has not fully complied with Title 17, California *Code of Regulations* Section 6025, resulting in students who did not have the required vaccines, as indicated above. The effect is 0.13 in ADA overclaimed on P2 and Annual attendance reports which equates to \$1,746.13 in Local Control Funding Formula.

Cause

The condition appears to have materialized due to inadequate oversight.

Questioned Costs

The questioned costs associated with this condition resulted in 0.13 ADA overclaimed at P-2 and Annual attendance reports for apportionment. This result in the overstatement of Local Control Funding Formula by \$1,746.13, using the District's derived value of ADA from CDE.

Repeat Finding

No.

Recommendation

The District should establish a procedure to track student vaccination status and ensure pupils not meeting the vaccination requirements are excluded from apportionment reported.

Corrective Action Plan and Views of Responsible Officials

The District has put a process in place to ensure a timely review of student vaccination records takes place and adjust ADA for any students not meeting the vaccination requirements.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

State Compliance Finding

2023-001 40000 – After School Education and Safety Program (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

Per California *Education Code* Section 8483(a)(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Condition

While verifying the total students served at Moore Middle School for the month of December 2022, the auditor noted instances where students were signed out early without documenting the reason for early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy. A total of 72 students did not have a documented reason for early release.

Additionally, in reviewing Kingsbury Elementary School's and Moore Middle School's summary totals for the 1st Half: After School Base, it was noted that the student served total did not agree to the total reported to the California Department of Education. The number of students served were understated by 457 and overstated by 518, respectively.

Cause

The cause of the condition appears to be a result of parents failing to record an early release code on the sign-out sheet when checking their children out of the program and site personnel being unaware of documentation retention requirements related to the program.

Additionally, there appears to be a lack of appropriate review procedures to verify that attendance information agrees to corresponding detail attendance records reported to CDE.

Effect

The District is not in compliance with California *Education Code* Section 8483(a)(2).

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Recommendation

We recommend that the District verify that all afterschool program personnel are aware of document retention requirements related to pupil attendance and continue enforcing its early release policy by communicating with parents the importance of documenting the reason for early release. In addition, prior to submission of attendance information to the State, the District should ensure the monthly summaries agree to the attendance detail reports. An individual from the District should review and re-compute monthly attendance numbers per school site to verify that accurate information is being sent to the State for reporting.

Current Status

Not implemented, see current year finding 2024-002.



Management
Redlands Unified School District
Redlands, California

In planning and performing our audit of the financial statements of Redlands Unified School District (the District) for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 16, 2024, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Cope Middle School

Observation

Based on review of the cash receipting procedures, it was noted that four deposits tested were not deposited in a timely manner. The delays in deposits ranged approximately 14 to 79 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets. In addition, it was noted that one receipt lacked evidence of a dual cash count.

Recommendation

The ASB should, at minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site. In addition, the ASB should ensure that proper controls are in place regarding cash counting procedures to prevent misappropriation of cash or inaccurate balances recorded in the ledger.

Observation

Based on review of the cash receipting procedures, it was noted that three deposits tested were not deposited in a timely manner. The delays in deposits ranged approximately 12 to 14 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets. In addition, it was noted that eleven receipts lacked evidence of a dual cash count.

Recommendation

The ASB should, at minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site. In addition, the ASB should ensure that proper controls are in place regarding cash counting procedures to prevent misappropriation of cash or inaccurate balances recorded in the ledger.

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

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
December 16, 2024