La Mesa-Spring Valley School District

AUDIT REPORT
June 30, 2025

FINANCIAL SECTION

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FINANCIAL SECTION

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
La Mesa-Spring Valley School District
La Mesa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the La Mesa-Spring Valley School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the La Mesa-Spring Valley School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the La Mesa-Spring Valley School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the La Mesa-Spring Valley School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025 on our consideration of the La Mesa-Spring Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the La Mesa-Spring Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering La Mesa-Spring Valley School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 16, 2025

LA MESA-SPRING VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

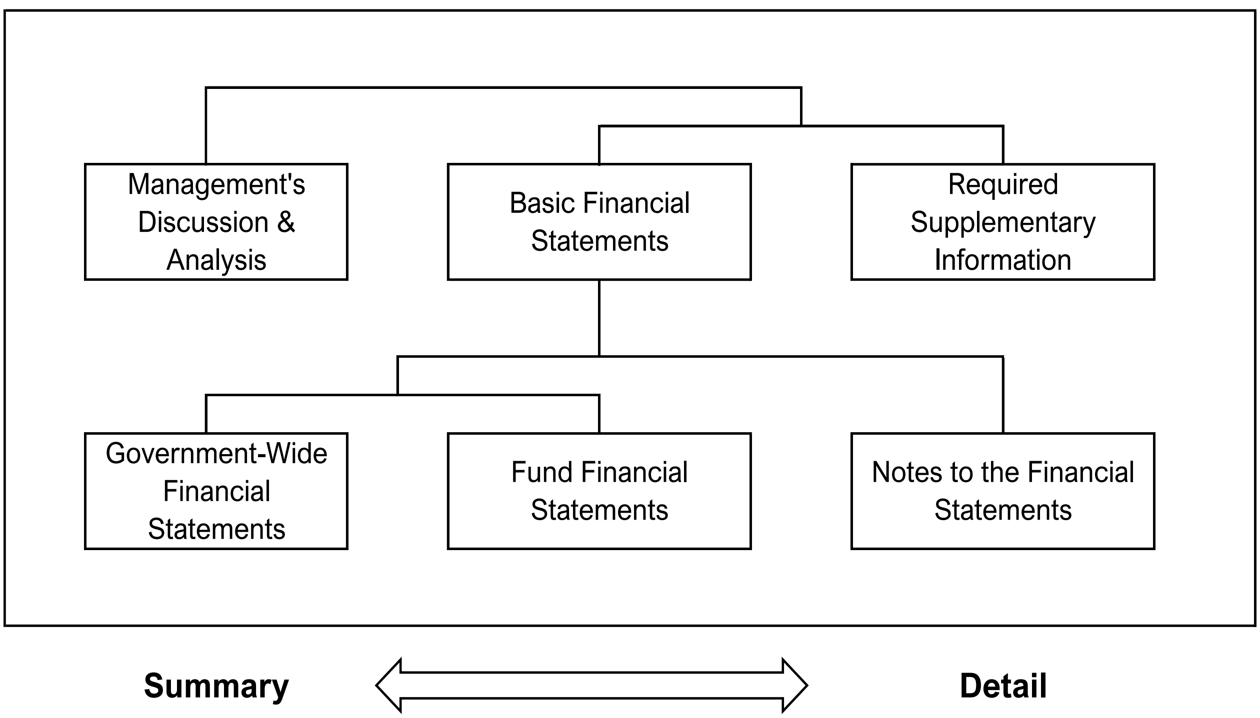
Our discussion and analysis of La Mesa-Spring Valley School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's combined net position was $(41,044,869) at June 30, 2025, which is comprised of $(43,096,157) relating to governmental activities and $2,051,288 relating to business-type activities. This was an increase of $914,449 from the prior year, after the restatement to beginning net position for governmental activities.
- Overall revenues were $213,356,224, which exceeded expenses of $212,441,775.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

    - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

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

Government-Wide Statements

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District had a net position of $(43,096,157) related to governmental activities and $2,051,288 related to business-type activities at June 30, 2025, as shown below:

	Governmental Activities			Business-Type Activities		
	2025	2024	Net Change	2025	2024	Net Change
ASSETS						
Current and other assets	$ 129,075,221	$ 148,936,410	$ (19,861,189)	$ 5,473,557	$ 6,172,763	$ (699,206)
Capital assets	154,386,448	102,310,385	52,076,063	-	-	-
Total Assets	283,461,669	251,246,795	32,214,874	5,473,557	6,172,763	(699,206)
DEFERRED OUTFLOWS OF RESOURCES	56,444,380	60,899,154	(4,454,774)	775,933	850,678	(74,745)
LIABILITIES						
Current liabilities	41,812,202	24,699,366	17,112,836	350,058	279,353	70,705
Long-term liabilities	317,604,385	301,195,986	16,408,399	3,510,726	3,611,579	(100,853)
Total Liabilities	359,416,587	325,895,352	33,521,235	3,860,784	3,890,932	(30,148)
DEFERRED INFLOWS OF RESOURCES	23,585,619	21,778,846	1,806,773	337,418	357,478	(20,060)
NET POSITION						
Net investment in capital assets	52,434,491	44,243,062	8,191,429	-	-	-
Restricted	33,610,472	34,443,430	(832,958)	-	-	-
Unrestricted	(129,141,120)	(114,214,741)	(14,926,379)	2,051,288	2,730,031	(678,743)
Total Net Position	$ (43,096,157)	$ (35,528,249)	$ (7,567,908)	$ 2,051,288	$ 2,730,031	$ (678,743)

For governmental activities, unrestricted net position was $(129,141,120). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

The District's total revenues relating to governmental activities were $209,653,337, which is primarily from federal and state aid, categorical programs, and property taxes. Total expenses relating to governmental activities were $208,060,145, which is predominately related to educating and caring for students.

The District's business-type activities relate to providing fee-based before and after school programs to students. The District's total revenues relating to business-type activities were $3,702,887, which is primarily from charges for services. Total expenses relating to business-type activities were $4,381,630.

	Governmental Activities			Business-Type Activities		
	2025	2024	Net Change	2025	2024	Net Change
REVENUES						
Program revenues						
Charges for services	$ 2,984,312	$ 2,686,442	$ 297,870	$ 3,347,697	$ 4,001,084	$ (653,387)
Operating grants and contributions	51,659,936	53,367,008	(1,707,072)	188,117	211,986	(23,869)
General revenues						
Property taxes	58,191,190	57,178,094	1,013,096	-	-	-
Unrestricted federal and state aid	91,022,499	93,318,530	(2,296,031)	-	-	-
Other	5,795,400	6,629,164	(833,764)	167,073	67,822	99,251
Total Revenues	209,653,337	213,179,238	(3,525,901)	3,702,887	4,280,892	(578,005)
EXPENSES						
Instruction	107,409,062	113,428,883	(6,019,821)	-	-	-
Instruction-related services	20,425,075	21,568,911	(1,143,836)	-	-	-
Pupil services	31,843,081	30,579,308	1,263,773	-	-	-
General administration	11,699,020	11,094,306	604,714	-	-	-
Plant services	17,054,642	17,290,366	(235,724)	-	-	-
Ancillary and community services	8,036,627	9,287,333	(1,250,706)	-	-	-
Debt service	6,144,748	4,612,027	1,532,721	-	-	-
Other outgo	248,229	201,843	46,386	-	-	-
Depreciation	5,195,490	4,796,332	399,158	-	-	-
Enterprise activities	4,171	395	3,776	4,381,630	2,467,645	1,913,985
Total Expenses	208,060,145	212,859,704	(4,799,559)	4,381,630	2,467,645	1,913,985
Change in net position	1,593,192	319,534	1,273,658	(678,743)	1,813,247	(2,491,990)
Net Position - Beginning, as Restated*	(44,689,349)	(35,847,783)	(8,841,566)	2,730,031	916,784	1,813,247
Net Position - Ending	$ (43,096,157)	$ (35,528,249)	$ (7,567,908)	$ 2,051,288	$ 2,730,031	$ (678,743)

**Beginning net position for governmental activities was restated for the 2025 year only.*

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2025	**2024**
Instruction	$ 82,041,468	$ 87,459,801
Instruction-related services	17,261,525	18,212,704
Pupil services	14,787,034	13,364,770
General administration	10,521,174	10,056,682
Plant services	17,002,987	17,227,489
Ancillary and community services	1,584,699	2,724,743
Debt service	6,144,748	4,612,027
Transfers to other agencies	(1,123,389)	(1,648,689)
Depreciation	5,195,490	4,796,332
Enterprise activities	161	395
Total	$ 153,415,897	$ 156,806,254

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $111,764,797, which is less than last year's ending fund balance of $132,514,722. The District's General Fund had $12,173,056 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Child Development Fund had $79,370 more in operating revenues than expenditures for the year ended June 30, 2025. The District's Building Fund had $47,522,733 less in operating revenues than expenditures for the year ended June 30, 2025, combined with $38,000,000 in other financing sources from the 2020 Series C general obligation bond issuance, which resulted in a net decrease in fund balance of $9,522,733.

CURRENT YEAR BUDGET 2024-2025

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025, the District had invested $154,386,448 in capital assets, net of accumulated depreciation. There were no capital assets for business-type activities as of June 30, 2025.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	$ 16,068,467	$ 16,068,467	$ -
Construction in progress	84,991,691	42,151,664	42,840,027
Land improvements	17,851,835	9,656,572	8,195,263
Buildings & improvements	116,946,763	113,633,891	3,312,872
Furniture & equipment	24,720,594	21,797,203	2,923,391
Less: accumulated depreciation	(106,192,902)	(100,997,412)	(5,195,490)
Total	$ 154,386,448	$ 102,310,385	$ 52,076,063

Long-Term Liabilities

At year-end, the District reported a total of $321,115,111 in long-term liabilities, as shown below. This represents a total increase of 1.11% from the prior year, after restatement. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities			Business-Type Activities		
	2025	2024	Net Change	2025	2024	Net Change
LONG-TERM LIABILITIES						
Total general obligation bonds	$ 151,158,663	$ 118,586,415	$ 32,572,248	$ -	$ -	$ -
Early retirement incentive	2,292,920	-	2,292,920	-	-	-
Compensated absences*	12,377,406	10,403,473	1,973,933	-	-	-
Total OPEB liability	35,729,035	37,149,647	(1,420,612)	-	-	-
Net pension liability	139,912,623	152,641,473	(12,728,850)	3,510,726	3,611,579	(100,853)
Less: current portion of long-term liabilities	(23,866,262)	(8,423,922)	(15,442,340)	-	3,611,579	(3,611,579)
Total	$ 317,604,385	$ 310,357,086	$ 7,247,299	$ 3,510,726	$ 7,223,158	$ (3,712,432)

**The compensated absences balances for governmental activities that was previously reported at June 30, 2024 has been restated to reflect the District's implementation of GASB Statement 101 for the year ended June 30, 2025.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Long-Term Declining Enrollment

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Revenue Uncertainties

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

Pension Liabilities and Employer Rates

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

Economic and Market Conditions

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

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

Summary

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office of La Mesa-Spring Valley School District at 4750 Date Avenue, La Mesa, CA 91942.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 108,473,679	$ 3,736,610	$ 112,210,289
Accounts receivable	20,049,915	162,820	20,212,735
Internal balances	(1,574,127)	1,574,127	-
Inventory	309,776	-	309,776
Prepaid expenses	240,205	-	240,205
Note receivable	1,575,773	-	1,575,773
Capital assets:			
Capital assets, not depreciated	101,060,158	-	101,060,158
Capital assets, net of accumulated depreciation	53,326,290	-	53,326,290
Total Assets	283,461,669	5,473,557	288,935,226
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	52,885,482	775,933	53,661,415
Deferred outflows related to OPEB	3,558,898	-	3,558,898
Total Deferred Outflows of Resources	56,444,380	775,933	57,220,313
LIABILITIES			
Accrued liabilities	13,867,803	350,058	14,217,861
Unearned revenue	4,078,137	-	4,078,137
Long-term liabilities, current portion	23,866,262	-	23,866,262
Long-term liabilities, non-current portion	317,604,385	3,510,726	321,115,111
Total Liabilities	359,416,587	3,860,784	363,277,371
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	9,947,651	337,418	10,285,069
Deferred inflows related to OPEB	13,637,968	-	13,637,968
Total Deferred Inflows of Resources	23,585,619	337,418	23,923,037
NET POSITION			
Net investment in capital assets	52,434,491	-	52,434,491
Restricted:			
Capital projects	7,299,423	-	7,299,423
Debt service	7,907,428	-	7,907,428
Educational programs	11,084,540	-	11,084,540
Food service	7,143,353	-	7,143,353
Associated student body	175,728	-	175,728
Unrestricted	(129,141,120)	2,051,288	(127,089,832)
Total Net Position	$ (43,096,157)	$ 2,051,288	$ (41,044,869)

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

LA MESA-SPRING VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	$ 107,409,062	$ 2,268,547	$ 23,099,047	$ (82,041,468)		
Instruction-related services						
Instructional supervision and administration	3,462,808	2,622	1,676,967	(1,783,219)		
Instructional library, media, and technology	5,797,501	-	963,477	(4,834,024)		
School site administration	11,164,766	1,491	518,993	(10,644,282)		
Pupil services						
Home-to-school transportation	4,699,630	-	37	(4,699,593)		
Food services	8,663,253	31,721	9,945,866	1,314,334		
All other pupil services	18,480,198	11,061	7,067,362	(11,401,775)		
General administration						
Centralized data processing	1,416,083	-	-	(1,416,083)		
All other general administration	10,282,937	8,122	1,169,724	(9,105,091)		
Plant services	17,054,642	23,646	28,009	(17,002,987)		
Ancillary services	445,258	-	222,901	(222,357)		
Community services	7,591,369	59,537	6,169,490	(1,362,342)		
Enterprise activities	4,171	-	4,010	(161)		
Interest on long-term debt	6,144,748	-	-	(6,144,748)		
Other outgo	248,229	577,565	794,053	1,123,389		
Depreciation (unallocated)	5,195,490	-	-	(5,195,490)		
Total Governmental Activities	$ 208,060,145	$ 2,984,312	$ 51,659,936	(153,415,897)		
BUSINESS-TYPE ACTIVITIES						
Enterprise activities	4,381,630	3,347,697	188,117		$ (845,816)	
Total Business-Type Activities	4,381,630	3,347,697	188,117		(845,816)	
Total School District	$ 212,441,775	$ 6,332,009	$ 51,848,053			$ (154,261,713)
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes				49,041,854	-	49,041,854
Property taxes, levied for debt service				9,093,161	-	9,093,161
Property taxes, levied for other specific purposes				56,175	-	56,175
Federal and state aid not restricted for specific purposes				91,022,499	-	91,022,499
Interest and investment earnings				3,807,314	98,158	3,905,472
Interagency revenues				136,362	-	136,362
Miscellaneous				1,851,724	68,915	1,920,639
Subtotal, General Revenue				155,009,089	167,073	155,176,162
CHANGE IN NET POSITION				1,593,192	(678,743)	914,449
Net Position - Beginning, as Restated				(44,689,349)	2,730,031	(41,959,318)
Net Position - Ending				$ (43,096,157)	$ 2,051,288	$ (41,044,869)

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

LA MESA-SPRING VALLEY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 40,793,655	$ 4,079,988	$ 40,257,319	$ 23,342,717	$ 108,473,679
Accounts receivable	16,825,537	159,593	682,221	2,382,564	20,049,915
Due from other funds	1,089,973	2,996	10,299	31,543	1,134,811
Stores inventory	154,841	-	-	154,935	309,776
Prepaid expenditures	240,205	-	-	-	240,205
Total Assets	$ 59,104,211	$ 4,242,577	$ 40,949,839	$ 25,911,759	$ 130,208,386
LIABILITIES					
Accrued liabilities	$ 7,253,437	$ 15,946	$ 3,814,936	$ 572,195	$ 11,656,514
Due to other funds	2,279,943	44,667	-	384,328	2,708,938
Unearned revenue	94,310	3,920,747	-	63,080	4,078,137
Total Liabilities	9,627,690	3,981,360	3,814,936	1,019,603	18,443,589
FUND BALANCES					
Nonspendable	438,696	-	-	154,935	593,631
Restricted	10,823,323	261,217	37,134,903	24,737,221	72,956,664
Committed	29,885,394	-	-	-	29,885,394
Unassigned	8,329,108	-	-	-	8,329,108
Total Fund Balances	49,476,521	261,217	37,134,903	24,892,156	111,764,797
Total Liabilities and Fund Balances	$ 59,104,211	$ 4,242,577	$ 40,949,839	$ 25,911,759	$ 130,208,386

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

Total Fund Balance - Governmental Funds		$ 111,764,797
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 260,579,350	
Accumulated depreciation	(106,192,902)	154,386,448
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(2,211,289)
Note receivable:		
In governmental funds, receivables are recognized only to the extent that they are "available", meaning it will be collected in one year. In the government-wide statements, long-term receivables are recognized. The amount of receivables that were not recognized in governmental funds, but are recognized in the government-wide statements, is:		1,575,773
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 151,158,663	
Early retirement incentive	2,292,920	
Compensated absences	12,377,406	
Total OPEB liability	35,729,035	
Net pension liability	139,912,623	(341,470,647)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 52,885,482	
Deferred inflows of resources related to pensions	(9,947,651)	42,937,831
Deferred outflows and inflows of resources relating to OPEB:		
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	$ 3,558,898	
Deferred inflows of resources related to OPEB	(13,637,968)	(10,079,070)
Total Net Position - Governmental Activities		$ (43,096,157)

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

LA MESA-SPRING VALLEY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 135,750,491	$ -	$ -	$ -	$ 135,750,491
Federal sources	9,883,588	-	-	6,179,069	16,062,657
Other state sources	33,279,511	1,136,490	-	3,969,745	38,385,746
Other local sources	15,579,328	107,196	3,071,633	11,864,918	30,623,075
Total Revenues	194,492,918	1,243,686	3,071,633	22,013,732	220,821,969
EXPENDITURES					
Current					
Instruction	117,093,675	840,095	-	-	117,933,770
Instruction-related services					
Instructional supervision and administration	3,712,130	195,708	-	-	3,907,838
Instructional library, media, and technology	5,947,017	-	-	-	5,947,017
School site administration	12,245,500	79,521	-	-	12,325,021
Pupil services					
Home-to-school transportation	5,689,547	-	-	-	5,689,547
Food services	562,454	-	-	9,212,267	9,774,721
All other pupil services	20,785,630	-	-	-	20,785,630
General administration					
Centralized data processing	1,489,710	-	-	-	1,489,710
All other general administration	10,512,591	41,621	-	363,430	10,917,642
Plant services	17,029,653	-	526,952	-	17,556,605
Facilities acquisition and construction	3,551,900	7,371	49,910,026	502,930	53,972,227
Ancillary services	275,362	-	-	173,247	448,609
Community services	7,675,765	-	-	-	7,675,765
Enterprise activities	4,199	-	-	-	4,199
Transfers to other agencies	90,841	-	-	-	90,841
Debt service					
Principal	-	-	-	5,302,876	5,302,876
Interest and other	-	-	157,388	7,521,187	7,678,575
Total Expenditures	206,665,974	1,164,316	50,594,366	23,075,937	281,500,593
Excess (Deficiency) of Revenues Over Expenditures	(12,173,056)	79,370	(47,522,733)	(1,062,205)	(60,678,624)
Other Financing Sources (Uses)					
Other sources	-	-	38,000,000	1,928,699	39,928,699
Net Financing Sources (Uses)	-	-	38,000,000	1,928,699	39,928,699
NET CHANGE IN FUND BALANCE	(12,173,056)	79,370	(9,522,733)	866,494	(20,749,925)
Fund Balance - Beginning	61,649,577	181,847	46,657,636	24,025,662	132,514,722
Fund Balance - Ending	$ 49,476,521	$ 261,217	$ 37,134,903	$ 24,892,156	$ 111,764,797

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

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

Net Change in Fund Balances - Governmental Funds			$ (20,749,925)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay:			
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay:	$	57,271,553	
Depreciation expense:		(5,195,490)	52,076,063
Debt service:			
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			5,302,876
Debt proceeds:			
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:			(39,928,699)
Note receivable payments:			
In governmental funds, payments received for the long-term note receivable are recorded as revenues. In the government-wide statements, the principal portion of payments received for the long-term note receivable are recorded as a reduction of the note. The principal payments received during the period were:			(104,624)
Unmatured interest on long-term debt:			
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			(677,136)
Accreted interest on long-term debt:			
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.			1,789,653

(continued on the following page)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:	(1,973,933)
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	1,315,343
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	6,572,572
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:	(2,292,920)
Amortization of debt issuance premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	263,922
Change in Net Position of Governmental Activities	$ 1,593,192

LA MESA-SPRING VALLEY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Business-Type Activities
	Child Care Enterprise Fund
ASSETS	
Current assets	
Cash and investments	$ 3,736,610
Accounts receivable	162,820
Due from other funds	2,235,105
Total current assets	6,134,535
Total Assets	6,134,535
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	775,933
Total Deferred Outflows of Resources	775,933
LIABILITIES	
Current liabilities	
Accrued liabilities	350,058
Due to other funds	660,978
Total current liabilities	1,011,036
Non-current liabilities	
Net pension liability	3,510,726
Total non-current liabilities	3,510,726
Total Liabilities	4,521,762
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	337,418
Total Deferred Inflows of Resources	337,418
NET POSITION	
Unrestricted	2,051,288
Total Net Position	$ 2,051,288

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

LA MESA-SPRING VALLEY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities Child Care Enterprise Fund
OPERATING REVENUES	
Charges for services	$ 3,410,695
Other local revenues	4,252
Total operating revenues	3,414,947
OPERATING EXPENSES	
Salaries and benefits	2,662,791
Supplies and materials	494,004
Professional services	1,224,835
Total operating expenses	4,381,630
Operating income/(loss)	(966,683)
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	287,940
Total non-operating revenues/(expenses)	287,940
CHANGE IN NET POSITION	(678,743)
Net Position - Beginning	2,730,031
Net Position - Ending	$ 2,051,288

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

LA MESA-SPRING VALLEY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities
	Child Care Enterprise Fund
Cash flows from operating activities	
Cash received from user charges	$ 3,410,695
Cash received (paid) from assessments made to (from) other funds	(2,142,938)
Cash payments for payroll, insurance, and operating costs	(4,116,029)
Net cash provided by (used for) operating activities	(2,848,272)
Cash flows from investing activities	
Interest received	287,940
Net cash provided by (used for) investing activities	287,940
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,560,332)
CASH AND CASH EQUIVALENTS	
Beginning of year	6,296,942
End of year	$ 3,736,610
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	$ (966,683)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	80,192
(Increase) decrease in due from other funds	(2,227,382)
(Increase) decrease in deferred outflows related to pensions	74,745
Increase (decrease) in accrued liabilities	70,705
Increase (decrease) in due to other funds	241,064
Increase (decrease) in net pension liability	(100,853)
Increase (decrease) in deferred inflows related to pensions	(20,060)
Net cash provided by (used for) operating activities	$ (2,848,272)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Education.

B. Component Units

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

The La Mesa-Spring Valley Educational Foundation is a nonprofit organization that supports the La Mesa Spring Valley School District. It was established in 1983 by a group of citizens. The foundation provides a formalized avenue for raising funds to directly support public education in the La Mesa-Spring Valley School District. The La Mesa-Spring Valley Educational Foundation is not a component unit of the La Mesa-Spring Valley School District as it does not meet the criteria noted above.

C. Basis of Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

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

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

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

Non-Major Governmental Funds

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

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

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

Proprietary Funds

Enterprise Funds: Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Child Care Enterprise Fund: The District maintains the childcare before and after school (parent paid) program in the Child Care Enterprise Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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

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

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

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

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Asset Class	Estimated Useful Life
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

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

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

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

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund 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 obligations of the funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

I. Property Tax

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities	Business-Type Activities
Investment in county treasury	$ 108,387,801	$ 3,734,829
Fair value adjustment	42,042	1,781
Cash on hand and in banks	186	-
Cash in revolving fund	43,650	-
Total	$ 108,473,679	$ 3,736,610

B. Policies and Practices

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $112,166,453. The average weighted maturity for this pool is 562 days.

E. Credit Risk

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

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

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

G. Fair Value

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

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

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

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

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

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

	Uncategorized
Investment in county treasury	$ 112,166,453
Total	$ 112,166,453

NOTE 3 – RECEIVABLES

A. Accounts Receivable

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

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Governmental Activities	Business-Type Activities
Federal Government						
Categorical aid	$ 3,372,911	$ -	$ -	$ 1,437,844	$ 4,810,755	$ -
State Government						
Apportionment	4,075,363	-	-	-	4,075,363	-
Categorical aid	4,984,418	159,593	-	715,600	5,859,611	-
Lottery	770,781	-	-	-	770,781	-
Local Government						
Other local sources	3,622,064	-	682,221	229,120	4,533,405	162,820
Total	$ 16,825,537	$ 159,593	$ 682,221	$ 2,382,564	$ 20,049,915	$ 162,820

B. Note Receivable

The District had a note receivable outstanding at June 30, 2025 in the amount of $1,575,773 related to the sale of the Spring Valley Elementary site to San Diego Youth Services. The District recognized $104,624 in current year principal payments on the note. At June 30, 2025, the principal balance expected to be collected in less than a year was $109,157 and the non-current portion of the note receivable was $1,466,616.

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	$ 16,068,467	$ -	$ -	$ 16,068,467
Construction in progress	42,151,664	50,343,378	7,503,351	84,991,691
Total capital assets not being depreciated	58,220,131	50,343,378	7,503,351	101,060,158
Capital assets being depreciated				
Land improvements	9,656,572	8,195,263	-	17,851,835
Buildings & improvements	113,633,891	3,312,872	-	116,946,763
Furniture & equipment	21,797,203	2,923,391	-	24,720,594
Total capital assets being depreciated	145,087,666	14,431,526	-	159,519,192
Less: Accumulated depreciation				
Land improvements	5,834,769	566,660	-	6,401,429
Buildings & improvements	80,536,513	3,490,230	-	84,026,743
Furniture & equipment	14,626,130	1,138,600	-	15,764,730
Total accumulated depreciation	100,997,412	5,195,490	-	106,192,902
Total capital assets being depreciated, net	44,090,254	9,236,036	-	53,326,290
Governmental Activities Capital Assets, net	$ 102,310,385	$ 59,579,414	$ 7,503,351	$ 154,386,448

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

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

	Due From Other Funds					
Due To Other Funds	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Child Care Enterprise Fund	Total
General Fund	$ -	$ 2,996	$ 10,299	$ 31,543	$ 2,235,105	$ 2,279,943
Child Development Fund	44,667	-	-	-	-	44,667
Non-Major Governmental Funds	384,328	-	-	-	-	384,328
Child Care Enterprise Fund	660,978	-	-	-	-	660,978
Total	$ 1,089,973	$ 2,996	$ 10,299	$ 31,543	$ 2,235,105	$ 3,369,916

Due from the Student Activity Fund to the General Fund for field trip costs and employee reclassifications.	$ 7,651
Due from the Child Development Fund to the General Fund for indirect costs and employee reclassifications.	44,667
Due from the Cafeteria Fund to the General Fund for indirect and OPEB costs.	345,558
Due from the Capital Facilities Fund to the General Fund for annual administrative fee.	31,119
Due from the Child Care Enterprise Fund to the General Fund for OPEB and direct cost reimbursements.	660,978
Due from the General Fund to the Student Activity Fund for expenditure reimbursement.	464
Due from the General Fund to the Child Development Fund for indirect cost adjustment.	2,996
Due from the General Fund to the Cafeteria Fund for catering costs and indirect cost adjustment.	30,408
Due from the General Fund to the Building Fund for expenditure reimbursement.	10,299
Due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for expenditure reimbursement.	671
Due from the General Fund to the Child Care Enterprise Fund for personnel and expenditure reimbursements.	2,235,105
Total	$ 3,369,916

NOTE 6 – ACCRUED LIABILITIES

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

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities	Business-Type Activities
Payroll	$ 915,558	$ 2,996	$ -	$ 33,920	$ -	$ 952,474	$ 225,872
Construction	-	-	3,814,936	432,610	-	4,247,546	-
Vendors payable	6,157,208	12,950	-	105,665	-	6,275,823	124,186
Due to grantor government	180,671	-	-	-	-	180,671	-
Unmatured interest	-	-	-	-	2,211,289	2,211,289	-
Total	$ 7,253,437	$ 15,946	$ 3,814,936	$ 572,195	$ 2,211,289	$ 13,867,803	$ 350,058

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of the following:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	$ 91,849	$ -	$ -	$ 91,849
State categorical sources	2,461	3,920,747	-	3,923,208
Local sources	-	-	63,080	63,080
Total	$ 94,310	$ 3,920,747	$ 63,080	$ 4,078,137

NOTE 8 – LONG-TERM LIABILITIES

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

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 97,335,141	$ 38,000,000	$ 5,302,876	$ 130,032,265	$ 12,071,803
Unamortized premium	7,389,818	1,928,699	263,922	9,054,595	335,355
Accreted interest	13,861,456	1,067,471	2,857,124	12,071,803	3,093,867
Total general obligation bonds	118,586,415	40,996,170	8,423,922	151,158,663	15,501,025
Early retirement incentive	-	2,292,920	-	2,292,920	458,584
Compensated absences*	10,403,473	1,973,933	-	12,377,406	7,906,653
Total OPEB liability	37,149,647	-	1,420,612	35,729,035	-
Net pension liability	152,641,473	-	12,728,850	139,912,623	-
Total	$ 318,781,008	$ 45,263,023	$ 22,573,384	$ 341,470,647	$ 23,866,262

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

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Business-Type Activities					
Net pension liability	$ 3,611,579	$ -	$ 100,853	$ 3,510,726	$ -
Total	$ 3,611,579	$ -	$ 100,853	$ 3,510,726	$ -

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for the early retirement incentive are made in the General Fund.

A. Early Retirement Incentive

In December 2024, the District provided an early retirement incentive for eligible employees through Public Agency Retirement Services (PARS). The incentive was financed over five years and will generate savings for the District by encouraging senior employees to retire during the year ended June 30, 2025. Payments on the agreement are scheduled to be made in five annual installments of $458,584 through July 2029.

B. Compensated Absences

The restated beginning compensated absences balance was $10,403,473 and increased by a net amount of $1,973,933 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to $12,377,406. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits

The District's beginning total OPEB liability was $37,149,647 and decreased by $1,420,612 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was $35,729,035. See Note 10 for additional information regarding the total OPEB liability.

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Net Pension Liability

The District has allocated portions of its net pension liability between governmental activities and business-type activities. The combined amount of the District's beginning net pension liability was $156,253,052 and decreased by $12,829,703 during the year ended June 30, 2025. The combined amount of the District's ending net pension liability at June 30, 2025 was $143,423,349. See Note 11 for additional information regarding the net pension liability.

E. General Obligation Bonds

The outstanding bonded debt of the District at June 30, 2025 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
2002 Series A	6/26/2002	2/1/2027	2.50% - 5.71%	$ 31,330,140	$ 1,662,340	$ 105,680	$ -	$ 1,768,020
2002 Series B	3/9/2005	8/1/2028	3.00% - 5.21%	12,669,709	20,264,257	-	3,605,000	16,659,257
2020 Series A	7/29/2021	8/1/2051	0.15% - 4.00%	48,000,000	39,270,000	961,791	4,555,000	35,676,791
2020 Series B	8/8/2023	8/1/2051	4.00% - 5.00%	50,000,000	50,000,000	-	-	50,000,000
2020 Series C	7/17/2024	8/1/2051	4.00% - 5.00%	38,000,000	-	38,000,000	-	38,000,000
Total					$ 111,196,597	$ 39,067,471	$ 8,160,000	$ 142,104,068

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

Year Ended June 30,	Principal	Interest	Total
2026	$ 3,201,133	$ 8,376,789	$ 11,577,922
2027	2,104,873	10,203,877	12,308,750
2028	1,110,761	7,485,889	8,596,650
2029	1,760,498	9,100,552	10,861,050
2030	250,000	5,242,550	5,492,550
2031 - 2035	6,250,000	25,612,900	31,862,900
2036 - 2040	15,410,000	23,174,550	38,584,550
2041 - 2045	28,495,000	18,236,725	46,731,725
2046 - 2050	46,550,000	10,116,750	56,666,750
2051 - 2052	24,900,000	1,016,000	25,916,000
Accretion	12,071,803	(12,071,803)	-
Total	$ 142,104,068	$ 106,494,779	$ 248,598,847

NOTE 9 – FUND BALANCES

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

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	$ 43,650	$ -	$ -	$ -	$ 43,650
Stores inventory	154,841	-	-	154,935	309,776
Prepaid expenditures	240,205	-	-	-	240,205
Total non-spendable	438,696	-	-	154,935	593,631
Restricted					
Educational programs	10,823,323	261,217	-	-	11,084,540
Food service	-	-	-	7,143,353	7,143,353
Associated student body	-	-	-	175,728	175,728
Capital projects	-	-	37,134,903	7,299,423	44,434,326
Debt service	-	-	-	10,118,717	10,118,717
Total restricted	10,823,323	261,217	37,134,903	24,737,221	72,956,664
Committed					
Other commitments	29,885,394	-	-	-	29,885,394
Total committed	29,885,394	-	-	-	29,885,394
Unassigned	8,329,108	-	-	-	8,329,108
Total	$ 49,476,521	$ 261,217	$ 37,134,903	$ 24,892,156	$ 111,764,797

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s Minimum Fund Balance Policy targets a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses, inclusive of the minimum required by California Education Code.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. Details of the plan are included below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

Employees having reached the minimum retirement age (55 years) and accepting retirement benefits as provided under the Public Employees' Retirement System (PERS) or State Teachers’ Retirement System and having a minimum of ten (10) years in this district served during the past fifteen (15) years, will have group health and dental insurance benefits extended to them. Premiums for health and dental insurance benefits shall be paid by the District to the in-force carrier until the retiree reaches age sixty-five (65) or becomes eligible for Medicare.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

B. Benefits Provided (continued)

In addition, the retiring employee shall have the option of having dependents included under the same coverage, for medical and dental only, with the retiree making the premium payment for such dependent coverage. Retirees may add dependent medical coverage during the open enrollment period. Dependent coverage may be discontinued, at the retiree's option, at any subsequent date. Payment for dependents' premiums shall be remitted semi-annually to the District on due dates as designated.

C. Contributions

For the measurement period, the District contributed $3,197,236 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	155
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	846
Total number of participants**	1,001

*Information not provided
**As of the June 30, 2025 measurement date

E. Changes in Total OPEB Liability

The La Mesa-Spring Valley School District's total OPEB liability of $35,729,035 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024. Changes in total OPEB liability for the year ended June 30, 2025 are outlined below:

	June 30, 2025
Total OPEB Liability	
Service cost	$ 1,528,378
Interest on total OPEB liability	1,561,737
Difference between expected and actual experience	27,945
Changes of assumptions	(1,341,436)
Benefits payments	(3,197,236)
Net change in total OPEB liability	(1,420,612)
Total OPEB liability - beginning	37,149,647
Total OPEB liability - ending	$ 35,729,035

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date:

Economic assumptions:	
Payroll growth rate	2.80% plus salary merit increases consistent with 2023 CalPERS experience study
Discount rate	5.20%
Healthcare cost trend rates	8.00% decreasing to an ultimate rate of 4.50%
Non-economic assumptions:	
Mortality:	
General	SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021
Surviving Spouses	SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021
Retirement rates:	
Certificated	According to termination rates under the 2021 CalSTRS pension plan valuation and the CalSTRS 2%@60 and 2%@62 rates.
Classified	According to termination rates under the 2021 CalSTRS pension plan valuation and the CalPERS 3%@60 and 2%@62 rates.

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

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

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

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

	1% Decrease (4.20%)	Valuation Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 37,749,559	$ 35,729,035	$ 33,778,428

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (7.00%)	Valuation Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	$ 32,582,096	$ 35,729,035	$ 39,350,225

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $1,881,893. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 929,845	$ 2,992,720
Changes in assumptions	2,629,053	10,645,248
Total	$ 3,558,898	$ 13,637,968

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 1,434,564	$ 2,781,106
2027	1,434,564	2,781,106
2028	449,451	2,704,458
2029	229,839	2,600,147
2030	3,493	972,934
Thereafter	6,987	1,798,217
Total	$ 3,558,898	$ 13,637,968

NOTE 11 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	$ 81,111,269	$ 34,339,124	$ 9,803,444	$ 10,108,895
CalPERS Pension	62,312,080	19,322,291	481,625	8,556,211
Total	$ 143,423,349	$ 53,661,415	$ 10,285,069	$ 18,665,106

A. California State Teachers' Retirement System (CalSTRS)

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

Benefits Provided
The CalSTRS defined benefit plan has two benefit formulas:

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

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

Contributions
Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $15,453,346 for the year ended June 30, 2025.

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $7,514,296 to CalSTRS.

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

District's proportionate share of the net pension liability	$	81,111,269
State's proportionate share of the net pension liability associated with the District		37,214,701
Total	$	118,325,970

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.121 percent, which was an increase of 0.002 from its proportion measured as of June 30, 2023.

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of $10,108,895. In addition, the District recognized pension expense and revenue of $(3,549,712) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 327,281
Differences between expected and actual experience	9,174,729	3,546,950
Changes in assumptions	355,057	5,539,618
Changes in proportion and differences between District contributions and proportionate share of contributions	9,355,992	389,595
District contributions subsequent to the measurement date	15,453,346	-
Total	$ 34,339,124	$ 9,803,444

The $15,453,346 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 4,041,320	$ 7,875,939
2027	3,883,797	(4,433,924)
2028	3,730,484	2,397,831
2029	3,730,481	2,114,644
2030	2,350,665	922,666
2031	1,149,031	926,288
Total	$ 18,885,778	$ 9,803,444

NOTE 11 – PENSION PLANS (continued)

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

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

* Real return is net of assumed 2.75% inflation.

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 144,270,406	$ 81,111,269	$ 28,370,769

Pension Plan Fiduciary Net Position

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were $9,830,500 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $62,312,080 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.174 percent, which was a decrease of 0.008 from its proportion measured as of June 30, 2023.

NOTE 11 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2025, the District recognized pension expense of $8,556,211. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 2,420,464	$ -
Differences between expected and actual experience	5,223,957	445,965
Changes in assumptions	1,377,307	-
Changes in proportion and differences between District contributions and proportionate share of contributions	470,063	35,660
District contributions subsequent to the measurement date	9,830,500	-
Total	$ 19,322,291	$ 481,625

The $9,830,500 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 3,799,028	$ 481,625
2027	5,783,663	-
2028	674,972	-
2029	(765,872)	-
Total	$ 9,491,791	$ 481,625

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

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

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

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

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

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

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 92,565,115	$ 62,312,080	$ 37,320,665

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of $10,866,634.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The La Mesa-Spring Valley School District participates in joint ventures under a joint powers agreement (JPA) with the San Diego County Schools Risk Management JPA (RM). The relationship between the District and the JPA is such that the JPA are not a component unit of the District for financial reporting purposes.

The RM JPA arranges for and provides workers' compensation, health, and property and liability insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Condensed audited financial information for the most currently available year is available from the JPA.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was $53,661,415 and total deferred inflows related to pensions was $10,285,069.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was $3,558,898 and total deferred inflows related to other postemployment benefits was $13,637,968.

NOTE 15 – RESTATEMENT OF NET POSITION

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

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

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ (35,528,249)
Restatement	(9,161,100)
Net Position - Beginning, as Restated	$ (44,689,349)

REQUIRED SUPPLEMENTARY INFORMATION

LA MESA-SPRING VALLEY SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 131,914,589	$ 132,879,151	$ 135,750,491	$ 2,871,340
Federal sources	10,485,229	11,610,352	9,883,588	(1,726,764)
Other state sources	31,048,540	34,342,247	33,279,511	(1,062,736)
Other local sources	14,207,534	13,772,730	15,456,996	1,684,266
Total Revenues	187,655,892	192,604,480	194,370,586	1,766,106
EXPENDITURES				
Certificated salaries	81,844,430	82,621,140	82,924,124	(302,984)
Classified salaries	38,365,665	36,670,478	37,437,159	(766,681)
Employee benefits	55,786,878	56,887,887	57,049,754	(161,867)
Books and supplies	9,104,062	10,210,315	6,038,968	4,171,347
Services and other operating expenditures	16,682,008	17,356,956	17,532,595	(175,639)
Capital outlay	1,903,817	8,081,056	5,908,662	2,172,394
Other outgo				
Excluding transfers of indirect costs	-	12,485	90,841	(78,356)
Transfers of indirect costs	(325,823)	(345,823)	(316,129)	(29,694)
Total Expenditures	203,361,037	211,494,494	206,665,974	4,828,520
Excess (Deficiency) of Revenues Over Expenditures	(15,705,145)	(18,890,014)	(12,295,388)	6,594,626
Other Financing Sources (Uses)				
Transfers in	360,491	563,375	248,658	(314,717)
Transfers out	(35,000)	(35,000)	(39,943)	(4,943)
Net Financing Sources (Uses)	325,491	528,375	208,715	(319,660)
NET CHANGE IN FUND BALANCE	(15,379,654)	(18,361,639)	(12,086,673)	6,274,966
Fund Balance - Beginning	59,435,264	59,435,264	59,435,264	-
Fund Balance - Ending	$ 44,055,610	$ 41,073,625	$ 47,348,591	$ 6,274,966

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

See accompanying notes to required supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
CHILD DEVELOPMENT FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
Other state sources	$ 1,427,298	$ 3,149,788	$ 1,136,490	$ (2,013,298)
Other local sources	84,353	84,353	107,196	22,843
Total Revenues	1,511,651	3,234,141	1,243,686	(1,990,455)
EXPENDITURES				
Certificated salaries	526,091	799,510	451,273	348,237
Classified salaries	327,520	294,635	263,891	30,744
Employee benefits	426,512	460,309	355,919	104,390
Books and supplies	62,500	129,387	22,319	107,068
Services and other operating expenditures	11,400	2,451	21,922	(19,471)
Capital outlay	35,456	16,875	7,371	9,504
Other outgo				
Transfers of indirect costs	58,275	78,275	41,621	36,654
Total Expenditures	1,447,754	1,781,442	1,164,316	617,126
NET CHANGE IN FUND BALANCE	63,897	1,452,699	79,370	(1,373,329)
Fund Balance - Beginning	181,847	181,847	181,847	-
Fund Balance - Ending	$ 245,744	$ 1,634,546	$ 261,217	$ (1,373,329)

See accompanying notes to required supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	$ 1,528,378	$ 2,035,633	$ 2,038,013	$ 3,033,288	$ 2,742,714	$ 2,574,537	$ 2,344,655	$ 2,304,605
Interest on total OPEB liability	1,561,737	1,769,344	1,775,588	1,186,591	1,364,765	1,335,301	1,393,457	1,310,764
Difference between expected and actual experience	27,945	(2,206,145)	(1,215,915)	1,810,789	(834,478)	(613,161)	-	-
Changes of assumptions	(1,341,436)	(3,712,274)	(112,959)	(13,017,725)	1,756,871	7,880,898	968,228	(265,499)
Benefits payments	(3,197,236)	(3,054,174)	(3,054,102)	(2,536,766)	(2,351,905)	(2,522,081)	(2,195,486)	(2,062,012)
Net change in total OPEB liability	(1,420,612)	(5,167,616)	(569,375)	(9,523,823)	2,677,967	8,655,494	2,510,854	1,287,858
Total OPEB liability - beginning	37,149,647	42,317,263	42,886,638	52,410,461	49,732,494	41,077,000	38,566,146	37,278,288
Total OPEB liability - ending	$ 35,729,035	$ 37,149,647	$ 42,317,263	$ 42,886,638	$ 52,410,461	$ 49,732,494	$ 41,077,000	$ 38,566,146
Covered-employee payroll	$ 126,479,957	$ 100,949,305	$ 81,879,865	$ 76,523,238	$ 82,209,064	$ 79,814,625	$ 77,489,927	$ 77,170,000
District's total OPEB liability as a percentage of covered-employee payroll	28.25%	36.80%	51.68%	56.04%	63.75%	62.31%	53.01%	49.98%

See accompanying notes to required supplementary information.

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.121%	0.119%	0.112%	0.112%	0.112%	0.112%	0.109%	0.111%	0.110%	0.109%
District's proportionate share of the net pension liability	$ 81,111,269	$ 90,498,128	$ 78,056,773	$ 51,091,874	$ 108,312,506	$ 101,387,148	$ 100,032,549	$ 103,030,712	$ 88,841,804	$ 73,338,752
State's proportionate share of the net pension liability associated with the District	37,214,701	43,360,981	39,091,111	25,707,985	55,834,658	55,313,904	57,273,593	60,952,595	50,583,500	38,788,011
Total	$ 118,325,970	$ 133,859,109	$ 117,147,884	$ 76,799,859	$ 164,147,164	$ 156,701,052	$ 157,306,142	$ 163,983,307	$ 139,425,304	$ 112,126,763
District's covered payroll	$ 81,565,425	$ 72,835,739	$ 66,087,846	$ 60,483,825	$ 61,068,582	$ 61,112,773	$ 58,402,383	$ 58,723,651	$ 55,678,200	$ 50,079,904
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.44%	124.25%	118.11%	84.47%	177.36%	165.90%	171.28%	175.45%	159.56%	146.44%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%

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

See accompanying notes to required supplementary information.

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.174%	0.182%	0.177%	0.177%	0.179%	0.179%	0.174%	0.175%	0.174%	0.170%
District's proportionate share of the net pension liability	$ 62,312,080	$ 65,754,924	$ 60,786,820	$ 35,918,372	$ 54,856,730	$ 52,131,938	$ 46,261,789	$ 41,687,164	$ 34,404,987	$ 25,009,168
District's covered payroll	$ 34,444,247	$ 31,720,800	$ 27,307,860	$ 25,438,592	$ 25,960,367	$ 25,157,073	$ 23,059,860	$ 22,309,439	$ 20,927,505	$ 18,815,176
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.91%	207.29%	222.60%	141.20%	211.31%	207.23%	200.62%	186.86%	164.40%	132.92%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	70.00%	69.80%	81.00%	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%

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

See accompanying notes to required supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 15,453,346	$ 15,334,627	$ 13,757,734	$ 11,006,601	$ 9,726,326	$ 10,312,963	$ 9,783,624	$ 8,426,863	$ 7,349,557	$ 5,952,372
Contributions in relation to the contractually required contribution*	(15,453,346)	(15,334,627)	(13,757,734)	(11,006,601)	(9,726,326)	(10,312,963)	(9,783,624)	(8,426,863)	(7,349,557)	(5,952,372)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 81,850,430	$ 81,565,425	$ 72,835,739	$ 66,087,846	$ 60,483,825	$ 61,068,582	$ 61,112,773	$ 58,402,383	$ 58,723,651	$ 55,678,200
Contributions as a percentage of covered payroll	18.88%	18.80%	18.89%	16.65%	16.08%	16.89%	16.01%	14.43%	12.52%	10.69%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 9,830,500	$ 9,001,567	$ 7,904,144	$ 6,042,772	$ 5,013,537	$ 4,732,600	$ 4,184,764	$ 3,374,019	$ 2,925,764	$ 2,335,190
Contributions in relation to the contractually required contribution*	(9,830,500)	(9,001,567)	(7,904,144)	(6,042,772)	(5,013,537)	(4,732,600)	(4,184,764)	(3,374,019)	(2,925,764)	(2,335,190)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 37,373,144	$ 34,444,247	$ 31,720,800	$ 27,307,860	$ 25,438,952	$ 25,960,367	$ 25,157,073	$ 23,059,860	$ 22,309,439	$ 20,927,505
Contributions as a percentage of covered payroll	26.30%	26.13%	24.92%	22.13%	19.71%	18.23%	16.63%	14.63%	13.11%	11.16%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for other postemployment benefits.

Changes in Assumptions

The discount rate as of the June 30, 2025 measurement date was 5.20%, while the discount rate in the previous measurement was 4.21%.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	$ 82,621,140	$ 82,924,124	$ 302,984
Classified salaries	$ 36,670,478	$ 37,437,159	$ 766,681
Employee benefits	$ 56,887,887	$ 57,049,754	$ 161,867
Services and other operating expenditures	$ 17,356,956	$ 17,532,595	$ 175,639
Other outgo			
Excluding transfers of indirect costs	$ 12,485	$ 90,841	$ 78,356
Transfers of indirect costs	$ (345,823)	$ (316,129)	$ 29,694
Child Development Fund			
Services and other operating expenditures	$ 2,451	$ 21,922	$ 19,471

SUPPLEMENTARY INFORMATION

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 2,708,258
Comprehensive Support and Improvement for LEAs	84.010	15438	174,382
Subtotal Title I, Part A			2,882,640
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	267,348
Title III			
Title III, English Learner Student Program	84.365	14346	266,883
Title III, Immigrant Education Program	84.365	15146	30,594
Subtotal Title III			297,477
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	75,365
Special Education Cluster **[1]**			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,686,451
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	39,985
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	129,522
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	136,931
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,012
Subtotal Special Education Cluster			2,993,901
IDEA Early Intervention Grants, Part C	84.181	23761	26,175
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	45,327
School-Based Mental Health Services Expansion **[1]**	84.184H	*	3,095,869
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	4,789
ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425	15652	194,697
Subtotal Education Stabilization Fund Discretionary Grants			199,486
Total U. S. Department of Education			9,883,588
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,042,612
National School Lunch Program	10.555	13391	3,802,919
Meal Supplements	10.555	*	214,769
USDA Commodities	10.555	*	487,040
Subtotal Child Nutrition Cluster			5,547,340
Passed through California Department of Social Services:			
CACFP Claims - Centers and Family Day Care	10.558	13393	631,729
Total U. S. Department of Agriculture			6,179,069
Total Federal Expenditures			$ 16,062,657

[1] - Major Program
***** - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	4,609.65	4,625.81
Extended Year Special Education	4.03	4.03
Special Education - Nonpublic Schools	5.56	5.99
Extended Year Special Education - Nonpublic Schools	0.58	0.58
Total TK/K through Third	4,619.82	4,636.41
Fourth through Sixth		
Regular ADA	3,098.27	3,098.21
Extended Year Special Education	1.70	1.70
Special Education - Nonpublic Schools	5.41	5.25
Extended Year Special Education - Nonpublic Schools	0.76	0.76
Total Fourth through Sixth	3,106.14	3,105.92
Seventh through Eighth		
Regular ADA	2,033.80	2,030.59
Extended Year Special Education	0.74	0.74
Special Education - Nonpublic Schools	4.36	5.02
Extended Year Special Education - Nonpublic Schools	0.50	0.50
Total Seventh through Eighth	2,039.40	2,036.85
TOTAL SCHOOL DISTRICT	9,765.36	9,779.18

See accompanying note to supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Grade Level	Minutes Requirement	2024-25 Actual Instructional Minutes	Number of Days	Status
Kindergarten	36,000	54,520	180	Complied
Grade 1	50,400	54,520	180	Complied
Grade 2	50,400	54,520	180	Complied
Grade 3	50,400	54,520	180	Complied
Grade 4	54,000	54,520	180	Complied
Grade 5	54,000	54,520	180	Complied
Grade 6	54,000	62,785	180	Complied
Grade 7	54,000	62,785	180	Complied
Grade 8	54,000	62,785	180	Complied

See accompanying note to supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 190,551,781	$ 194,619,244	$ 195,808,662	$ 198,815,533
Expenditures And Other Financing Uses	205,619,330	206,705,917	202,643,829	179,613,071
Net change in Fund Balance	$ (15,067,549)	$ (12,086,673)	$ (6,835,167)	$ 19,202,462
Ending Fund Balance	$ 32,281,042	$ 47,348,591	$ 59,435,264	$ 66,270,431
Available Reserves*	$ 6,167,857	$ 6,201,178	$ 6,079,315	$ 7,626,025
Available Reserves As A Percentage Of Outgo	3.00%	3.00%	3.00%	4.25%
Long-term Liabilities	$ 317,604,385	$ 341,470,647	$ 309,619,908	$ 253,194,736
Average Daily Attendance At P-2	9,634	9,765	9,923	9,781

The General Fund balance has decreased by $18,921,840 over the past two years. The fiscal year 2025-26 budget projects a further decrease of $15,067,549. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by $88,275,911 over the past two years.

Average daily attendance has decreased by 16 ADA over the past two years. A further decrease of 131 ADA is anticipated during the 2025-26 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for other than Capital Outlay Projects.

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

See accompanying note to supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Child Care Enterprise Fund
June 30, 2025, annual financial and budget report fund balance	$ 47,348,591	$ 2,127,930	$ 5,123,499
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Allocation of net pension liability (GASB 68)	-	-	(3,072,211)
Fund balance transfer (GASB 54)	2,127,930	(2,127,930)	-
Net adjustments and reclassifications	2,127,930	(2,127,930)	(3,072,211)
June 30, 2025, audited financial statement fund balance	$ 49,476,521	$ -	$ 2,051,288

See accompanying note to supplementary information.

Charter #	Charter School	Status	Included in Audit Report
1901	Sparrow Academy	Active	No

See accompanying note to supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	$ 164,053	$ 5,402,587	$ 5,404,367	$ 2,252,993	$ 10,118,717	$ 23,342,717
Accounts receivable	21,844	2,255,599	74,248	30,873	-	2,382,564
Due from other funds	464	30,408	-	671	-	31,543
Stores inventory	-	154,935	-	-	-	154,935
Total Assets	$ 186,361	$ 7,843,529	$ 5,478,615	$ 2,284,537	$ 10,118,717	$ 25,911,759
LIABILITIES						
Accrued liabilities	$ 2,982	$ 136,603	$ 3,685	$ 428,925	$ -	$ 572,195
Due to other funds	7,651	345,558	31,119	-	-	384,328
Unearned revenue	-	63,080	-	-	-	63,080
Total Liabilities	10,633	545,241	34,804	428,925	-	1,019,603
FUND BALANCES						
Non-spendable	-	154,935	-	-	-	154,935
Restricted	175,728	7,143,353	5,443,811	1,855,612	10,118,717	24,737,221
Total Fund Balances	175,728	7,298,288	5,443,811	1,855,612	10,118,717	24,892,156
Total Liabilities and Fund Balances	$ 186,361	$ 7,843,529	$ 5,478,615	$ 2,284,537	$ 10,118,717	$ 25,911,759

See accompanying note to supplementary information.

LA MESA-SPRING VALLEY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES						
Federal sources	$ -	$ 6,179,069	$ -	$ -	$ -	$ 6,179,069
Other state sources	-	3,910,432	-	-	59,313	3,969,745
Other local sources	202,892	628,743	1,285,971	270,781	9,476,531	11,864,918
Total Revenues	202,892	10,718,244	1,285,971	270,781	9,535,844	22,013,732
EXPENDITURES						
Current						
Pupil services						
Food services	-	9,212,267	-	-	-	9,212,267
General administration						
All other general administration	-	274,508	88,922	-	-	363,430
Facilities acquisition and construction	-	-	74,005	428,925	-	502,930
Ancillary services	173,247	-	-	-	-	173,247
Debt service						
Principal	-	-	-	-	5,302,876	5,302,876
Interest and other	-	-	-	-	7,521,187	7,521,187
Total Expenditures	173,247	9,486,775	162,927	428,925	12,824,063	23,075,937
Excess (Deficiency) of Revenues Over Expenditures	29,645	1,231,469	1,123,044	(158,144)	(3,288,219)	(1,062,205)
Other Financing Sources (Uses)						
Other sources	-	-	-	-	1,928,699	1,928,699
Net Financing Sources (Uses)	-	-	-	-	1,928,699	1,928,699
NET CHANGE IN FUND BALANCE	29,645	1,231,469	1,123,044	(158,144)	(1,359,520)	866,494
Fund Balance - Beginning	146,083	6,066,819	4,320,767	2,013,756	11,478,237	24,025,662
Fund Balance - Ending	$ 175,728	$ 7,298,288	$ 5,443,811	$ 1,855,612	$ 10,118,717	$ 24,892,156

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the de minimis indirect cost rate of up to 15 percent.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

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.

Combining Statements – Non-Major Funds

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

OTHER INFORMATION

La Mesa-Spring Valley School District was formed in 1915 and is located in the eastern portion of San Diego County. The District encompasses approximately 26 square miles including the City of La Mesa, a portion of the City of El Cajon and the unincorporated communities of Mt. Helix, Casa de Oro, and Spring Valley. There were no changes in the boundaries of the District during the current year. The District currently operates sixteen elementary schools (grades TK-5), one literacy academy (grades TK-5), and four specialty academies (grades 6-8).

GOVERNING BOARD

Member	Office	Term Expires
Rebecca McRae	President	December 2026
Minerva Martinez Scott	Vice President	December 2028
Brianna Coston	Clerk	December 2026
Sarah Reed	Member	December 2026
Nathaniel Allen	Member	December 2028

DISTRICT ADMINISTRATORS

David Feliciano
Superintendent

Tina Douglas
Assistant Superintendent, Business Services

Margaret Jacobsen
Assistant Superintendent, Human Resources

Deann Ragsdale
Deputy Superintendent, Educational Services

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Governing Board
La Mesa-Spring Valley School District
La Mesa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Mesa-Spring Valley School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the La Mesa-Spring Valley School District's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Purpose of this Report

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

Christy White, Inc.

San Diego, California
December 16, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
La Mesa-Spring Valley School District
La Mesa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited La Mesa-Spring Valley School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of La Mesa-Spring Valley School District's major federal programs for the year ended June 30, 2025. La Mesa-Spring Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, La Mesa-Spring Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* 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 La Mesa-Spring Valley School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of La Mesa-Spring Valley School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit for 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 La Mesa-Spring Valley School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about La Mesa-Spring Valley School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 La Mesa-Spring Valley School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of La Mesa-Spring Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of La Mesa-Spring Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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.

Report on Internal Control Over Compliance (continued)

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

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

Christy White, Inc.

San Diego, California
December 16, 2025

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

Governing Board
La Mesa-Spring Valley School District
La Mesa, California

Report on State Compliance

Opinion on State Compliance

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

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

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State Compliance

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

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

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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

Christy White, Inc.

San Diego, California
December 16, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LA MESA-SPRING VALLEY SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	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:	

AL Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
84.184H	School-Based Mental Health Services Expansion

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

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

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

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

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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

FINDING #2024-001: INSTRUCTIONAL MATERIALS PUBLIC HEARING (70000)

Criteria: California Education Code Section 60119 requires the governing board of each local education agency (LEA) to hold a public hearing and make a determination through a resolution, as to whether each pupil has sufficient textbooks or instructional materials on or before the end of the eighth week from the first day of school for that year. In addition, this section requires the LEA to post notices of public hearing at least ten days prior to the hearing in three public places.

Condition: During our compliance testing of this area, we determined the District did not post the notice of public hearing regarding the sufficiency of instructional materials a minimum of ten days prior to the public hearing. The documentation provided to auditors indicated that the earliest posting date of the public notices was September 27, 2023, while the public hearing took place at the board meeting held on October 3, 2023.

Effect: The District is not in compliance with California Education Code Section 60119.

Cause: Administrative oversight.

Questioned Costs: None. There is no funding directly related to the sufficiency of instructional materials public hearing and board resolution.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District implement procedures to ensure compliance with Education Code requirements regarding the sufficiency of instructional materials public hearing notice.

Corrective Action Plan: The District will verify that the notice of public hearing regarding the sufficiency of instructional materials will be posted a minimum of ten days prior to the public hearing. Multiple parties within Education Services will ensure that this posting has occurred a minimum of ten days prior to the public hearing.

Current Status: Implemented.