

**CHAWANAKEE UNIFIED SCHOOL DISTRICT  
COUNTY OF MADERA  
NORTH FORK, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2025**

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**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2025**

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Independent Auditor's Report

Board of Trustees  
Chawanakee Unified School District  
North Fork, California

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chawanakee Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chawanakee Unified School District's basic financial statements. The other supplementary information schedules listed in the table of contents are presented for purposes of additional analysis as required by the State's audit guide, *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information schedules listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information includes the District's Organization Structure as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, on our consideration of Chawanakee Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chawanakee Unified 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 Chawanakee Unified School District's internal control over financial reporting and compliance.

*Berhardt, Corona, Faeth  
& Gakavian*

Fresno, California  
March 12, 2026

## **Introductory Section**

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2025**

**INTRODUCTION**

The Chawanakee Unified School District is a small, rural school district located in the foothills of the Sierras offering instruction to students from kindergarten through twelfth grade, including special needs and adult education.

The management discussion and analysis of Chawanakee Unified School District's financial statements provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The management discussion and analysis should be reviewed in conjunction with the District's financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$76,271,374 at June 30, 2025. The net decrease in Net Position is from current year activity which decreased Net Position by \$1,451,980.
- ❑ Overall revenues were \$27,627,398, which were less than expenditures of \$29,079,378 by \$1,451,980.
- ❑ General Fund balance decreased by \$19,908 from \$2,444,246 at June 30, 2024 to \$2,424,338 at June 30, 2025.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

- ❑ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.

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

**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 - the difference between the assets and liabilities - 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.
- ❑ To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.
- ❑ The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. LCFF funding and federal and state grants finance most of these activities.

## Fund Financial Statements

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

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statement that explains the relationship (or differences) between them.
- **Proprietary funds** - These funds use the same basis of accounting as business-type activities, therefore the statements will essentially match the amounts reported in the government wide statements. The Districts Proprietary funds include the Child Development Fund.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's combined net position was \$76,271,374 at June 30, 2025. See Table 1.

**Table 1**  
**Net Position**

	<b>Total Activities</b>		<b>Total Percentage Change</b>
	<b>2025</b>	<b>2024</b>	<b>2025-2024</b>
<b>Assets:</b>			
Cash	\$ 7,390,705	\$ 6,951,429	6.32%
Accounts Receivable	1,180,663	1,930,512	(38.84%)
Stores Inventories	1,765	1,765	0.00%
Capital Assets, Net of Accumulated Depreciation	98,322,764	100,973,122	(2.62%)
<b>TOTAL ASSETS</b>	<b>106,895,897</b>	<b>109,856,828</b>	<b>(2.70%)</b>
Deferred Outflows of Resources	7,549,808	8,954,147	(15.68%)
<b>Liabilities:</b>			
Accounts Payable	2,481,973	2,411,287	2.93%
Unearned Revenue	473,262	148,102	>100.00%
Long-Term Debt	32,951,386	36,231,251	(9.05%)
Due to Other Governmental Agencies	-	1,326,355	(100.00%)
<b>TOTAL LIABILITIES</b>	<b>35,906,621</b>	<b>40,116,995</b>	<b>(10.50%)</b>
Deferred Gain on Refunding	129,307	150,858	(14.29%)
Deferred Inflows of Resources	2,138,403	819,768	>100.00%
Total Deferred Inflows of Resources	2,267,710	970,626	>100.00%
<b>Net Position:</b>			
Net Investment in Capital Assets	85,994,494	87,666,819	(1.91%)
Restricted	2,901,436	3,030,377	(4.25%)
Unrestricted	(12,624,556)	(12,973,842)	(2.69%)
<b>TOTAL NET POSITION</b>	<b>\$ 76,271,374</b>	<b>\$ 77,723,354</b>	<b>(1.87%)</b>

## Change in Net Position

The District's total revenues were \$27,627,398. The majority of the revenue comes from LCFF Sources (67.30%). Federal, state, and local aids for specific programs accounted for most of the remaining balance.

The total cost of all programs and services was \$29,079,378. The District's expenses are predominately related to educating and caring for students (62.63%). Administrative activities accounted for just 8.94% of total costs. The remaining expenses were for ancillary services, community services, plant services (maintenance and operations), other outgo, interest on long-term obligations (28.43%).

**Table 2**  
**Change in Net Position**

	Total Activities		Percentage
	2025	2024	of Change 2025-2024
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 373,172	\$ 247,545	50.75%
Operating and Capital Grants and Contributions	5,808,222	8,614,439	(32.58%)
General Revenues:			
LCFF Sources	18,593,887	17,770,239	4.63%
Federal Revenues	89,043	73,929	20.44%
State Revenues	693,632	830,251	(16.46%)
Local Revenues	2,069,442	2,800,267	(26.10%)
<b>TOTAL REVENUES</b>	<u>27,627,398</u>	<u>30,336,670</u>	<u>(8.93%)</u>
<b>Expenses:</b>			
Instruction	10,931,175	12,858,846	(14.99%)
Instruction-Related Services	2,968,412	3,427,392	(13.39%)
Pupil Services	4,311,576	4,672,768	(7.73%)
Ancillary Services	1,375,885	1,155,822	19.04%
Community Services	136,172	1,420,769	(90.42%)
General Administration	2,600,901	2,432,014	6.94%
Plant Services	5,844,281	6,411,501	(8.85%)
Other Outgo	277,485	215,118	28.99%
Interest on Long-term obligations	633,491	650,847	(2.67%)
Child Development	-	103,047	(100.00%)
<b>TOTAL EXPENSES</b>	<u>29,079,378</u>	<u>33,348,124</u>	<u>(12.80%)</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(1,451,980)</u>	<u>(3,011,454)</u>	<u>(51.78%)</u>
<b>BEGINNING NET POSITION</b>	<u>77,723,354</u>	<u>80,734,808</u>	<u>(3.73%)</u>
<b>ENDING NET POSITION</b>	<u>\$ 76,271,374</u>	<u>\$ 77,723,354</u>	<u>(1.87%)</u>

**Governmental Activities**

The cost of all governmental and business-type activities this year was \$29,079,378.

Table 3 presents the cost of each of the District’s functions as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was not funded by charges for services, operating grants and capital grants and contributions.

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Instruction	\$ 10,931,175	\$ 12,858,846	\$ 9,336,171	\$ 9,912,283
Instruction-Related Services	2,968,412	3,427,392	2,458,156	2,653,732
Pupil Services	4,311,576	4,672,768	2,349,250	2,234,813
Ancillary Services	1,375,885	1,155,822	728,318	533,427
Community Services	136,172	1,420,769	109,087	1,394,147
General Administration	2,600,901	2,432,014	2,151,332	1,955,417
Plant Services	5,844,281	6,411,501	4,854,694	4,908,788
Other Outgo	77,485	215,118	277,485	215,118
Interest on Long-Term Obligations	633,491	650,847	633,491	650,847
Child Development	-	103,047	-	27,568
<b>TOTAL</b>	<b>\$ 28,879,378</b>	<b>\$ 33,348,124</b>	<b>\$ 22,897,984</b>	<b>\$ 24,486,140</b>

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

**Governmental Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,700,296. This is \$611,369 above last year’s ending fund balance of \$5,088,927.

**Table 4  
Governmental Funds Balances and Activity**

	<b>Balances and Activity</b>			
	<b>July 1, 2024</b>	<b>Revenues &amp; Other Sources</b>	<b>Expenditures &amp; Other Uses</b>	<b>June 30, 2025</b>
General	\$ 2,444,246	\$ 19,592,172	\$ 19,612,080	\$ 2,424,338
Student Activity	298,415	448,416	411,197	335,634
Charter School	1,251,473	5,198,023	5,337,893	1,111,603
Child Development	185	43,950	44,097	38
Cafeteria	284,331	1,445,773	1,317,895	412,209
Adult Education	24,978	139,181	151,788	12,371
Capital Facilities	(141,489)	360,929	3,948	215,492
Special Reserve Fund for Capital				
Outlay Projects	90,868	2,485	44,351	49,002
Blended Component Unit	31,899	237,053	25,097	243,855
Bond Interest and Redemption	804,021	888,833	797,100	895,754
<b>Total</b>	<b>\$ 5,088,927</b>	<b>\$ 28,356,815</b>	<b>\$ 27,745,446</b>	<b>\$ 5,700,296</b>

The primary reason for this increase in fund balance is diligent management of funds in the Cafeteria account and the award of an infrastructure grant. In addition, increased school fees for homes in the Millerton Preserve provided for the increase in funds received as both a developer fee in Capital Facilities and a mitigated agreement fee in Blended Component Unit fund.

## General Fund Budgetary Highlights

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved on March 11, 2025. The report reflected an increase in the general fund balance due to a combination of increasing revenue with continued attention to holding down costs. ADA has experienced slight growth over prior year and with financial discipline and improving revenues, the general fund balance increased.

The primary factors for the variation between original and final budget amounts are as follows:

Revenues increased by \$1,608,245 mainly due to adjustments to the LCFF calculator, local revenues, grant funds, and fees for new housing units.

Salaries and Benefits increased by \$1,494,435 in budgeted expenses due to replacing vacancies with higher paid positions, however with attention to staffing ratios and opportunities to freeze refilling vacancies actual spent on salaries and benefits is in line with Original Budget. Refer to Budgetary Comparison Schedule, page 49.

Other non-personnel expenditures increased by \$973,593 due to the use of one-time funds expiring by June 30, 2025, increased costs for maintenance and transportation at all school sites, and increased need for instructional supplies.

This year began with an Interim Superintendent and a new Chief Business Officer. The original budget approved in June was revised during the 45-day revision window in response to a strong recommendation from the Madera County Superintendent of Schools (MCSOS). Their oversight brought to the district's attention that a reduction of expenses would benefit the district's budget. A number of positions with a vacancy at the start of the year were not filled and expenses were reduced by over \$300,000, making progress toward a more sustainable budget.

In December 2024, having hired a new Superintendent, the First Interim Budget report maintained a Positive Certification, meaning the district could meet its financial obligations in the current year and two subsequent years and maintain the required 3% reserve. A 3% reserve is required for districts with over 1000 average daily attendance. Projections for ADA at the First Interim Budget were 1031 ADA due to a projected increase in enrollment of 25 students. This was not the case, as enrollment only increased by 9 students from the prior year. The first look at ADA for the year at the P-1 reporting period showed only 1000.84 ADA. In March of 2025 the Second Interim Budget Report was self-certified as Positive, but downgraded to Qualified by the Madera County Superintendent of Schools mainly due to the loss of ADA, which triggered a requirement for a 4% reserve for economic uncertainties. This required a review by the Fiscal Crisis Management and Accountability Team (FCMAT) and additional oversight by MCSOS, and a stabilization plan. The remainder of the year focused on areas for improvement to district expenses with a commitment to fiscal health and stability.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Table 5 provides a summary of the District's "Capital Assets" for fiscal year 2024-25 relative to 2023-24. The District has invested in a broad range of capital assets, including land, buildings, land improvements, equipment, work in progress and lease assets (net of amortization). At the end of 2024-25, net capital assets were \$98,322,764. More detailed information about capital assets can be found in the notes to the financial statements.

**Table 5**  
**Capital Assets**

	<b>Governmental Activities</b>		<b>Percentage</b>
	<b>2025</b>	<b>2024</b>	<b>of Change</b>
			<b>2025-2024</b>
Land	\$ 3,038,463	\$ 3,038,463	0.00%
Buildings	84,661,715	87,241,985	(2.96%)
Land Improvements	5,550,127	5,965,318	(6.96%)
Equipment	2,358,738	2,152,835	9.56%
Work in Progress	2,672,208	2,498,948	6.93%
Lease Assets	41,503	75,573	(45.08%)
<b>NET CAPITAL ASSETS</b>	<b>\$ 98,322,754</b>	<b>\$ 100,973,122</b>	<b>(2.62%)</b>

## Long-Term Debt

At June 30, 2025, the District had \$32,951,386 of long-term debt, as shown in Table 6. More detailed information about the District's debt is presented in the notes to the financial statements.

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

	<b>Governmental Activities</b>		<b>Percentage</b>
	<b>2025</b>	<b>2024</b>	<b>of Change</b>
			<b>2025-2024</b>
Net Pension Liability	\$ 17,630,816	\$ 19,578,982	(9.95%)
Total OPEB Liability	838,166	1,352,029	(38.01%)
General Obligation Bonds	5,029,664	5,569,112	(9.69%)
Accretive Interest - Bonds	2,075,753	1,920,171	8.10%
Finance Purchase	105,093	242,246	(56.62%)
Leases	43,513	74,945	(41.94%)
Certificates of Participation	7,150,000	7,420,000	(3.64%)
Compensated Absences	78,381	73,766	6.26%
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 32,951,386</b>	<b>\$ 36,231,251</b>	<b>(9.05%)</b>

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

At the time these financial statements were prepared and audited, the District was aware of several circumstances that will continue to provide for increased awareness and action on the part of the district.

- The California state economy continues to address a budget deficit. Strategies are anticipated to affect school district budgets in order to mitigate the state's budget challenges. The 2025-26 Enacted Budget relies on reserves and deferrals to meet its Proposition 98 obligations for school districts. A deferral of the June apportionment is scheduled for June 2026 to July 2026. Monitoring cash will be of importance until the threat of deferrals is over. For the June 2026 deferral, an application for an exemption from the deferral is due on April 1, 2026.
- The district continues to address chronic student absences, slow growing enrollment with the potential to increase significantly due to the new housing developments, and various cost pressures such as rising pension rates and energy costs.
- Second Interim budget report of fiscal year 2024-2025 was downgraded to a qualified budget by the Madera County Superintendent of Schools mainly due to a concern for an increasing deficit and the requirement of a 4% reserve for economic uncertainties. Projected ADA for the year was 1000.5. When enrollment came in at 1055, it was highly unlikely to meet the 1000 ADA threshold. A 4% reserve would be required in the current and two subsequent fiscal years to maintain a positive certification.

A qualified budget triggers FCMAT to perform a Fiscal Health Risk Analysis. This report can be viewed on FCMAT.org. It also requires a stabilization plan. The initial informational Stabilization Plan was presented to the board on August 12, 2025. It was updated to include additional specifics at First Interim and presented to the board on December 16, 2025. A Budget at a Glance was presented by Superintendent Nino to the board on January 13, 2026. This information was shared with employee groups in order to provide transparency, solicit input and feedback, and answer questions and concerns. The resolution for the reduction in force was presented and approved by the board on February 10, 2026.

The district will continue to

- Maintain adequate reserves.
- Continue to implement the fiscal stabilization plan.
- Regularly monitor enrollment, average daily attendance and the unduplicated pupil count.
- Use FCMAT's Financial Health Risk Analysis tool to prioritize and address systems and processes in need of improvement.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Melissa Kielpinski, Chief Business Officer, PO Box 400, North Fork, CA 93643; (559) 877-6209.

## **Financial Section**

# CHAWANAKEE UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 7,027,909
Cash on Hand and in Banks	355,296
Cash in Revolving Fund	7,500
Accounts Receivable	1,180,663
Stores Inventories	1,765
Capital Assets:	
Land	3,038,463
Land Improvements, Net	5,550,127
Buildings, Net	84,661,715
Equipment, Net	2,358,738
Work in Progress	2,672,208
Lease Assets, Net	41,513
Total Assets	<u>106,895,897</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows of Resources - Pensions	7,181,409
Deferred Outflows of Resources - OPEB	<u>368,399</u>
Total Deferred Outflows of Resources	<u>7,549,808</u>
<b>LIABILITIES:</b>	
Accounts Payable	2,481,973
Unearned Revenue	473,262
Noncurrent Liabilities:	
Net Pension Liability	17,630,816
Total OPEB Liability	838,166
Due within one year	1,036,522
Due in more than one year	<u>13,445,882</u>
Total Liabilities	<u>35,906,621</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Gain on Refunding	129,307
Deferred Inflows of Resources - Pensions	1,510,837
Deferred Inflows of Resources - OPEB	<u>627,566</u>
Total Deferred Inflows of Resources	<u>2,267,710</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	85,994,494
Restricted For:	
Federal and State Programs	1,497,333
Debt Service	895,754
Capital Projects	508,349
Unrestricted	<u>(12,624,556)</u>
Total Net Position	<u>\$ 76,271,374</u>

The accompanying notes are an integral part of this statement.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
Instruction	\$ 10,931,175	\$ 3,743	\$ 1,591,261	\$ (9,336,171)
Instruction-Related Services	2,968,412	957	509,299	(2,458,156)
Pupil Services	4,311,576	23,785	1,938,541	(2,349,250)
Ancillary Services	1,375,885	378	647,189	(728,318)
Community Services	136,172	58	27,027	(109,087)
General Administration	2,600,901	843	448,726	(2,151,332)
Plant Services	5,844,281	343,408	646,179	(4,854,694)
Other Outgo	277,485	--	--	(277,485)
Interest on Long-Term Obligations	633,491	--	--	(633,491)
Total Governmental Activities	<u>29,079,378</u>	<u>373,172</u>	<u>5,808,222</u>	<u>(22,897,984)</u>
Total Primary Government	<u>\$ 29,079,378</u>	<u>\$ 373,172</u>	<u>\$ 5,808,222</u>	<u>(22,897,984)</u>
General Revenues:				
LCFF Sources				18,593,887
Federal Revenues				89,043
State Revenues				693,632
Local Revenues				<u>2,069,442</u>
Total General Revenues				<u>21,446,004</u>
Change in Net Position				(1,451,980)
Net Position - Beginning				<u>77,723,354</u>
Net Position - Ending				<u>\$ 76,271,374</u>

The accompanying notes are an integral part of this statement.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Charter School Fund
<b>ASSETS:</b>		
Cash in County Treasury	\$ 3,383,641	\$ 1,248,507
Cash on Hand and in Banks	7,123	--
Cash in Revolving Fund	7,500	--
Accounts Receivable	848,449	49,167
Due from Other Funds	98,505	29,248
Stores Inventories	--	--
Total Assets	<u>4,345,218</u>	<u>1,326,922</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 1,415,102	\$ 141,926
Due to Other Funds	42,257	63,652
Unearned Revenue	463,521	9,741
Total Liabilities	<u>1,920,880</u>	<u>215,319</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	7,500	--
Stores Inventories	--	--
Restricted Fund Balances	1,108,305	304,034
Assigned Fund Balances	524,049	807,569
Unassigned:		
Reserve for Economic Uncertainty	784,484	--
Total Fund Balance	<u>2,424,338</u>	<u>1,111,603</u>
Total Liabilities and Fund Balances	<u>\$ 4,345,218</u>	<u>\$ 1,326,922</u>

The accompanying notes are an integral part of this statement.

<u>Blended Component Unit Fund</u>	<u>Bond Interest &amp; Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 965,227	\$ 895,575	\$ 534,959	\$ 7,027,909
--	34	348,139	355,296
--	--	--	7,500
--	179	282,868	1,180,663
12,658	--	351	140,762
--	--	1,765	1,765
<u>977,885</u>	<u>895,788</u>	<u>1,168,082</u>	<u>8,713,895</u>
\$ 734,030	\$ 34	\$ 108,483	\$ 2,399,575
--	--	34,853	140,762
--	--	--	473,262
<u>734,030</u>	<u>34</u>	<u>143,336</u>	<u>3,013,599</u>
--	--	--	7,500
--	--	1,765	1,765
44,360	--	959,708	2,416,407
199,495	895,754	63,273	2,490,140
--	--	--	784,484
<u>243,855</u>	<u>895,754</u>	<u>1,024,746</u>	<u>5,700,296</u>
\$ <u>977,885</u>	\$ <u>895,788</u>	\$ <u>1,168,082</u>	\$ <u>8,713,895</u>

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

Total fund balances - governmental funds balance sheet	\$ 5,700,296
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	98,281,251
Payables for bond principal which are not due in the current period are not reported in the funds.	(5,029,664)
Payables for leases which are not due in the current period are not reported in the funds.	(43,513)
Payables for debt interest which are not due in the current period are not reported in the funds.	(82,398)
Payables for notes which are not due in the current period are not reported in the funds.	(7,150,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(78,381)
Payables for contracts which are not due in the current period are not reported in the funds.	(105,093)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(129,307)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(17,630,816)
Deferred Resource Inflows related to the pension plans are not reported in the funds.	(1,510,837)
Deferred Resource Outflows related to the pension plans are not reported in the funds.	7,181,409
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(2,075,753)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(838,166)
Deferred Resource Inflows related to the OPEB plans are not reported in the funds.	(627,566)
Deferred Resource Outflows related to the OPEB plans are not reported in the funds.	368,399
Lease assets used in governmental activities are not reported in the funds.	<u>41,513</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 76,271,374</u>

The accompanying notes are an integral part of this statement.

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

	<u>General Fund</u>	<u>Charter School Fund</u>
<b>Revenues:</b>		
<b>LCFF Sources:</b>		
State Apportionment or State Aid	\$ 5,064,904	\$ 2,148,836
Education Protection Account Funds	3,704,922	498,634
<b>Local Sources</b>	5,349,006	1,827,585
Federal Revenue	517,112	--
Other State Revenue	3,179,046	387,568
Other Local Revenue	1,777,182	100,400
<b>Total Revenues</b>	<u>19,592,172</u>	<u>4,963,023</u>
<b>Expenditures:</b>		
<b>Current:</b>		
Instruction	8,294,228	2,081,685
Instruction - Related Services	2,224,060	759,136
Pupil Services	2,361,039	356,613
Ancillary Services	877,875	83,682
Community Services	134,803	--
General Administration	1,788,360	752,408
Plant Services	2,788,828	561,909
Other Outgo	198,605	28,881
Capital Outlay	565,720	128,950
<b>Debt Service:</b>		
Principal	96,059	340,332
Interest	6,077	244,297
<b>Total Expenditures</b>	<u>19,335,654</u>	<u>5,337,893</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>256,518</u>	<u>(374,870)</u>
<b>Other Financing Sources (Uses):</b>		
Transfers In	--	235,000
Transfers Out	(276,426)	--
<b>Total Other Financing Sources (Uses)</b>	<u>(276,426)</u>	<u>235,000</u>
<b>Net Change in Fund Balance</b>	(19,908)	(139,870)
<b>Fund Balance, July 1</b>	2,444,246	1,251,473
<b>Fund Balance, June 30</b>	<u>\$ 2,424,338</u>	<u>\$ 1,111,603</u>

The accompanying notes are an integral part of this statement.

<u>Blended Component Unit Fund</u>	<u>Bond Interest &amp; Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ --	\$ --	\$ --	\$ 7,213,740
--	--	--	4,203,556
--	--	--	7,176,591
--	--	813,242	1,330,354
--	4,883	723,995	4,295,492
<u>237,053</u>	<u>883,950</u>	<u>845,151</u>	<u>3,843,736</u>
<u>237,053</u>	<u>888,833</u>	<u>2,382,388</u>	<u>28,063,469</u>
--	--	121,252	10,497,165
--	--	18,651	3,001,847
--	--	1,293,996	4,011,648
--	--	411,197	1,372,754
--	--	--	134,803
--	--	3,812	2,544,580
8,177	--	10,396	3,369,310
--	--	50,000	277,486
--	--	61,778	756,448
--	539,447	2,194	978,032
--	<u>257,653</u>	--	<u>508,027</u>
<u>8,177</u>	<u>797,100</u>	<u>1,973,276</u>	<u>27,452,100</u>
<u>228,876</u>	<u>91,733</u>	<u>409,112</u>	<u>611,369</u>
--	--	58,346	293,346
<u>(16,920)</u>	<u>--</u>	<u>--</u>	<u>(293,346)</u>
<u>(16,920)</u>	<u>--</u>	<u>58,346</u>	<u>--</u>
211,956	91,733	467,458	611,369
31,899	804,021	557,288	5,088,927
<u>\$ 243,855</u>	<u>\$ 895,754</u>	<u>\$ 1,024,746</u>	<u>\$ 5,700,296</u>

# CHAWANAKEE UNIFIED SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 611,369
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	828,177
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,444,475)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	539,448
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	438,585
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	21,551
The accretion of interest on capital appreciation bonds is not reported in the funds.	(155,582)
(Increase) decrease in accrued interest from beginning of period to end of period.	8,567
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(4,615)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as DRO.	2,716,928
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(2,944,374)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(33,499)
The amortization of lease assets used in governmental activities is not reported in the funds.	<u>(34,060)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (1,451,980)</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

Based on the criteria discussed in the preceding paragraph the District has one Blended Component Unit described below.

The Community Facilities District 2019-1 Preserve at Millerton Lake (CFD) was formed for the purpose of the acquiring and improving public infrastructure and providing fire and public safety services in specified land areas. As a separate Special Purpose District, the CFD can levy taxes and issue bonds independently of the Chawanakee Unified School District. Property owners in the designated areas are assessed for District taxes and thus the cost of operating the CFD. The School Board serves as the CFD's Board of Directors; however, the Chawanakee Unified School District has no liability for the CFD's debt. Although it is legally separate from the Chawanakee Unified School District because the governing body is substantively the same as the Chawanakee Unified School Districts' governing body as such the Community Facilities District 2019-1 Preserve at Millerton Lake is presented as a Blended Component Special Revenue Fund.

Additionally, the Chawanakee Unified School District is not a component unit of any other reporting entity as defined by the GASB Statement No. 14.

2. Basis of Presentation, Basis of Accounting

a. Change in Accounting Principle

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

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

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

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

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and for all reporting periods thereafter. The District adopted Statement No. 101 for the current year.

b. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported for in another fund.

Charter School Fund. This fund is used to account for the activities of the District's Charter Schools.

Community Facilities District Blended Component Unit Fund. This fund is used to account separately for taxes and assessments to fund Fire and Safety Services for the District.

Bond Interest and Redemption Fund. This fund is used to account for the accumulation of resources for, and the repayment of district bonds, interest and related costs.

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

The District reports the following non-major governmental 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 following special revenue fund is utilized by the District:

- The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- The Adult Education Fund is used to account separately for federal, state, and local revenues for Adult Education Programs.
- The Child Development Fund is used to account separately for local resources to operate child development programs.
- The Cafeteria Fund is used to account separately for federal, state, and local resources to operate the food service program.

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

- The Capital Facilities Fund is used to account for resources received from fees levied on development projects as a condition of approval.
- The Special Reserve Fund for Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for capital outlay purpose.

c. Measurement Focus, Basis of Accounting

Government-wide, and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. Encumbrances

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

4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By state law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures.

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

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

a. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be 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.

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

b. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Madera County Treasury. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

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

c. Stores Inventories and Prepaid Expenditures

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

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Improvements	20
Equipment	5-15

e. Right to Use Lease Assets and Liabilities

Right to use lease assets are assets which the District leases for a term of more than one year. The value of the leases is determined by the net present value of the leases at the District's estimated incremental borrowing rate at the time of the lease agreement, amortized on a straight-line basis over the term of the agreement.

Leases payable are reported as liabilities in the government-wide financial statements in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources with an equal amount reported as a capital outlay in the year of lease inception.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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f. Subscriptions-Based Information Technology Arrangements

Subscriptions-Based Information Technology Arrangement (SBITA) assets are assets which the District has entered into an arrangement to use the information technology software for a term of more than one year. The value of the SBITA is determined by the net present value of the SBITA at the District's estimated incremental borrowing rate at the time of the arrangement, amortized on a straight-line basis over the term of the arrangement.

SBITA subscription payables are reported as liabilities in the government-wide financial statements in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources with an equal amount reported as a capital outlay in the year of SBITA inception.

g. Receivable and Payable Balances

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

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

h. Compensated Absences

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

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101. In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability expected to be liquidated with expendable available financial resources is reported as a fund liability. The full liability is reported in the government-wide financial statements. The District measured the liability based on a historical look-back period of three years with a last in first out flows assumption for use of accrued balances.

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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i. Unearned Revenue

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

j. Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financial sources/uses. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds, are reported as debt service expenditures.

k. Interfund Activity

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

l. Deferred Outflows/Inflows of Resources

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

m. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Madera bills and collects the taxes for the District.

n. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the District:

*Non-spendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the District's highest level of decision-making authority. This formal action is the approval by a majority vote of the Board.

*Assigned fund balance* includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent or designee pursuant to authorization established by Board Policy 3100.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When expenditures/expenses are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amount in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The District is working towards maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires maintaining a minimum unassigned fund balance which includes a Reserve for Economic Uncertainties equal to no less than two months of general fund operating expenditures, or 17 percent of General Fund expenditures and other financing uses.

**o. Pensions**

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

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

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

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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For purposes of measuring the total pension liability, deferred outflows of resources and deferred inflows of resources to pensions, and pension expense of the District's Post-Employment Cash Benefits pension plan, GASB 73 requires that the reported results must pertain to liability information within certain defined time frames. For this report, a Valuation Date of July 1, 2023, Measurement Date of June 30, 2024 and Measurement Period of July 2023 to June 30, 2024 were used.

p. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the District's single-employer defined benefit OPEB Plan ("the Plan") have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

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

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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3. Fund Reclassification

During the year, the District's Bond Interest and Redemption Fund, previously reported as a nonmajor governmental fund, met the quantitative criteria for major fund classification and is now reported as a major governmental fund. During the year, the District's Child Development Fund, previously reported as a proprietary fund – enterprise fund, no longer met the quantitative criteria for proprietary fund classification and is now reported as a nonmajor governmental fund. These changes have been accounted for by adjusting the beginning fund balance of the Nonmajor Enterprise Fund, Bond Interest and Redemption Fund and the aggregate nonmajor governmental funds as of the beginning of the fiscal year. The change in classification did not result from a change in the nature of the fund's activities, but solely from the application of the major fund criteria in accordance with GASB Statement No. 34, as amended. The fund reclassification had no effect on total net position but resulted in the following change in fund presentation on the financial statements:

	<u>Bond Interest and Redemption Fund</u>	<u>Nonmajor Enterprise Fund Child Development</u>	<u>Nonmajor Other Governmental Funds</u>
Prior Year Audit Report Ending Fund Balance	\$ -	\$ 184	\$ 1,361,123
Adjustments for:			
GASB 34 Major Fund Classification Change	804,021	(184)	(803,837)
Rounding	-	-	2
Total Adjustments	<u>804,021</u>	<u>(184)</u>	<u>(803,835)</u>
Beginning Fund Balance, As Restated	<u>\$ 804,021</u>	<u>\$ -</u>	<u>\$ 557,288</u>

C. Excess of Expenditures over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Employee Benefits	\$ 35,999
Services and Other Operating Expenditures	254,804
Other Outgo	21,667
Debt Service:	
Interest	2,062
Charter School Fund:	
Certificated Salaries	\$ 13,115
Debt Service:	
Interest	1,192

The District incurred additional expenses in the General Fund for Employee Benefits, Services and Other Operating Expenditures, and Other Outgo that were not included in the budget, and additional expenses related to Debt Service Interest for current year payments reclassified to the proper accounts. The Charter Funds incurred additional expenses for Certificated Salaries which were not budgeted, and additional expenses related to Debt Service Interest for current year payments reclassified to the proper accounts.

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

**D. Cash and Investments**

Cash and investments at June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Governmental Activities:	
Cash in County Treasury	\$ 7,027,909
Cash on Hand and in Banks	355,296
Cash in Revolving Fund	<u>7,500</u>
Total	<u>7,390,705</u>
Grand Total Cash and Investments	<u><u>\$ 7,390,705</u></u>

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

Deposits with Financial Institutions	\$ 344,168
Cash on Hand	18,628
Deposits with County Treasury	<u>7,027,909</u>
Total Cash and Investments	<u><u>\$ 7,390,705</u></u>

**Cash in County Treasury**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Madera County Treasury as part of the common investment pool (the District's portion was \$7,027,909 as of June 30, 2025). The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's portion of this pool as of June 30, 2025, as provided by the pool sponsor, was \$7,056,009. Assumptions made in determining the fair value of the District's pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The amount recorded on these financial statements is the balance available for withdrawal based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Cash in Banks and in Revolving Fund**

Cash balances held in financial institutions including cash in banks (\$336,668 as of June 30, 2025) and in the revolving fund (\$7,500) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). As of June 30, 2025 the uninsured balance was \$86,668.

**Investment Accounting Policy**

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pools underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investments types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Security</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	180 days
Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

Disclosures Relating to 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.

Disclosures Relating to Credit Risk

Generally, 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The District is considered to have custodial credit risk as of June 30, 2025. In the event of the failure of depository financial institution, \$86,668 is considered to be unrecoverable as previously reported in Note D.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**E. 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 – Cash in County Treasury (Investments in county treasury) in the Madera 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:

	<u>Uncategorized</u>	<u>Total</u>
Cash in County Treasury (Investments in county treasury)	<u>\$ 7,027,909</u>	<u>\$ 7,027,909</u>

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**F. Accounts Receivable**

Accounts receivable as of June 30, 2025, consist of the following:

	General Fund	Charter School Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total
Apportionment:	\$ 26,552	\$ -	\$ -	\$ -	\$ 26,552
Federal Government:					
Federal Programs	193,654	-	-	134,015	327,669
State Government:					
Categorical Aid Programs	377,757	-	-	18,063	395,820
Lottery	73,227	26,728	-	-	99,955
Other	11,100	-	-	100,008	111,108
Total State Government	462,084	26,728	-	118,071	606,883
Local Government:					
Developer Fees	-	-	-	23,204	23,204
Other	151,286	22,439	179	7,578	181,482
Total Local Government	151,286	22,439	179	30,782	204,686
Miscellaneous	14,873	-	-	-	14,873
Totals	\$ 848,449	\$ 49,167	\$ 179	\$ 282,868	\$ 1,180,663

**G. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,038,463	\$ -	\$ -	\$ 3,038,463
Work in progress	2,498,948	173,260	-	2,672,208
Total capital assets not being depreciated	5,537,411	173,260	-	5,710,671
Capital assets being depreciated:				
Buildings	117,590,206	-	-	117,590,206
Land Improvements	9,617,897	51,609	-	9,669,506
Equipment	6,193,452	603,308	79,397	6,717,363
Total capital assets being depreciated	133,401,555	654,917	79,397	133,977,075
Less accumulated depreciation for:				
Buildings	30,348,221	2,580,270	-	32,928,491
Land Improvements	3,652,579	466,800	-	4,119,379
Equipment	4,040,617	397,405	79,397	4,358,625
Total accumulated depreciation	38,041,417	3,444,475	79,397	41,406,495
Total capital assets being depreciated, net	95,360,138	(2,789,558)	-	92,570,580
Governmental activities capital assets, net	\$ 100,897,549	\$ (2,616,298)	\$ -	\$ 98,281,251

Depreciation was charged to functions as follows:

Instruction	\$ 662,538
Instruction-related Services	7,308
Pupil Services	237,628
Ancillary Services	2,922
General Administration	26,870
Plant Services	2,507,209
	<u>\$ 3,444,475</u>

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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H. Right to Use Lease Assets

The District has recorded right to use lease assets. The assets are right to use assets for equipment. The related leases are discussed in the Leases Payable subsection of the Long-Term Obligations of Note (J). The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use lease asset activity for the fiscal year ended June 30, 2025, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Intangible right to use assets	\$ 386,763	\$ -	\$ -	\$ 386,763
Totals at historical cost	386,763	-	-	386,763
Less: accumulated amortization	311,190	34,060	-	345,250
Right to Use Lease Assets - Net	<u>\$ 75,573</u>	<u>\$ (34,060)</u>	<u>\$ -</u>	<u>\$ 41,513</u>

I. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Charter Schools Special Revenue Fund	\$ 29,248	For in lieu property taxes to charters.
General Fund	Cafeteria Fund	351	For food services for CCSP.
General Fund	Capital Projects Fund for Blended Component Units	12,658	To reclassify revenue inadvertently deposited in the General Fund that were for Millerton Preserve facilities.
Charter Schools Special Revenue Fund	General Fund	63,652	For share of county expenses and to reclassify AMS expenses.
Adult Education Fund	General Fund	3,788	For indirect costs.
Cafeteria Fund	General Fund	6,065	For indirect costs, transportation fuel charges, and reclassification of nutrition services expense.
Capital Facilities Fund	General Fund	25,000	For temporary loan.
		<u>\$ 140,762</u>	

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

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
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2. Transfers To and From Other Funds

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

<u>Transfers Out From</u>	<u>Transfers In To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Charter Schools Special Revenue Fund	\$ 235,000	Transfer to cover annual expenses.
General Fund	Child Development Fund	41,426	Transfer to cover final operating expenses.
Capital Projects Fund for Blended Component Units	Capital Facilities Fund	16,920	To correct miscoded developer fee administrative expenses incorrectly charged to the Capital Facilities Fund.
		\$ 293,346	

J. Long-Term Obligations

1. Long-Term Obligation Activity

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,569,112	\$ -	\$ 539,448	\$ 5,029,664	\$ 603,185
Accretive Interest	1,920,171	211,134	55,552	2,075,753	-
Compensated Absences*	73,766	4,615	-	78,381	78,381
Direct Borrowing:					
Financed Purchases	242,246	-	137,153	105,093	63,641
Leases Payable	74,945	-	31,432	43,513	16,315
Certificates of Participation	7,420,000	-	270,000	7,150,000	275,000
Totals	\$ 15,300,240	\$ 215,749	\$ 1,033,585	\$ 14,482,404	\$ 1,036,522

\* The compensated absence activity shown in the table above is presented on a net increase (decrease) basis as permitted by GASB Statement No. 101.

2. General Obligation Bonds

In February 2006 the District issued \$113,806 of 2006 General Obligation Bonds, Series A Capital Appreciation Bonds. The bonds mature in 2031 with interest yields of 11.35 percent. Net proceeds from the issuance were used to finance initial construction of Minarets High School.

On October 15, 2008 the District issued Series B Capital Appreciation Bonds totaling \$463,998 bearing interest of 5.80% to 5.95% and maturing on August 1, 2034. Proceeds were used for the Minarets High School construction.

On January 22, 2015 the District issued General Obligation Refunding Bonds in the amount of \$5,130,000. The interest ranges from 3.0% to 5.0%. The final maturity date is August 1, 2030. The sources of this issue were used to defease a portion of the 2006 and 2008 General Obligation Bonds. The refunding resulted in a net gain on refunding of \$344,817, which is being amortized over 16 years. The balance as of June 30, 2025 was \$129,307.

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On November 17, 2016 the District issued General Obligation Bonds in the amount of \$2,211,308. The Series 2016 consist of \$177,633 in aggregate initial principal amount of capital appreciation bonds and \$2,033,675 in aggregate initial principal amount of capital appreciation bonds that convert to current interest bonds with interest rates of 2.69% to 3.51%. The bonds were issued to provide funds to cause all of the District's outstanding 2009 Certificates of Participation, Series C to be prepaid, and to pay costs of delivery with respect to the Series 2017 Bonds. The net proceeds were transferred to the Escrow Bank to provide future debt service on the 2009 Certificates of Participation, Series C. As a result, those Certificates of Participation are considered defeased and the District has removed the liability from its accounts.

The outstanding general obligation bonded debt of the District as of June 30, 2025, is:

Date of Issue	Interest Rate%	Maturity Date	Original Issue	Outstanding July 1, 2024	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2025
2006	11.35	2031	\$ 113,806	\$ 113,806	\$ -	\$ -	\$ 113,806
2008	5.80-5.95	2035	463,998	463,998	-	-	463,998
2015	3.00-5.00	2031	5,130,000	2,780,000	-	460,000	2,320,000
2016	2.73-2.96	2026	177,633	177,633	-	79,448	98,185
2016	2.69-3.51	2034	2,033,675	2,033,675	-	-	2,033,675
			<u>\$ 7,919,112</u>	<u>\$ 5,569,112</u>	<u>\$ -</u>	<u>\$ 539,448</u>	<u>\$ 5,029,664</u>

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2025, are as follows:

**2006 Series A (Capital Appreciation Bonds)**

Year Ending June 30, 2029-2031	Governmental Activities		
	Principal	Interest	Total
	<u>\$ 113,806</u>	<u>\$1,446,194</u>	<u>\$ 1,560,000</u>

**2008 Series B (Capital Appreciation Bonds)**

Year Ending June 30, 2032-2034	Governmental Activities		
	Principal	Interest	Total
	<u>\$ 463,998</u>	<u>\$2,111,002</u>	<u>\$ 2,575,000</u>

**2015 General Obligation Refunding Bond:**

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 505,000	\$ 90,675	\$ 595,675
2027	560,000	64,050	624,050
2028	620,000	34,550	654,550
2029	480,000	11,850	491,850
2030	90,000	3,300	93,300
2031	65,000	975	65,975
Totals	<u>\$ 2,320,000</u>	<u>\$ 205,400</u>	<u>\$ 2,525,400</u>

**Series 2016 (Capital Appreciation Bonds)**

Year Ending June 30, 2026	Governmental Activities		
	Principal	Interest	Total
	<u>\$ 98,186</u>	<u>\$ 76,814</u>	<u>\$ 175,000</u>

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**Series 2016 (Convertible Capital Appreciation Bonds)**

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ -	\$ 88,600	\$ 88,600
2027	209,306	99,794	309,100
2028	250,231	93,969	344,200
2029	281,164	86,536	367,700
2030	266,272	74,528	340,800
2031-2034	1,026,702	185,198	1,211,900
Totals	<u>\$ 2,033,675</u>	<u>\$ 628,625</u>	<u>\$ 2,662,300</u>

During the year, the District made interest payments on General Obligation Bonds of \$797,100, including interest of \$257,652. Capital Appreciation Bonds are accretive. Bond interest accumulates in the initial years and will be repaid in later years.

**3. Certificates of Participation**

On July 6, 2009 the District issued Certificates of Participation (COP) in the amount of \$2,060,000 with interest rates ranging from 3.85 to 6.40%. On December 1, 2009 the District issued a COP in the amount of \$9,965,000 with interest rates ranging from 6.62 to 8.446% in Qualified School Construction Bond Tax Credits (QSCB) through the American Recovery and Relief Act (ARRA). QSCB provides federal income tax credits in lieu of interest to lenders who purchase bonds from eligible school districts. The funding was used to help finish the construction of Minarets High School.

As described in Note J.2. the District prepaid the outstanding 2009 Certificates of Participation, Series C of \$1,945,000 with the issuance of the Series 2016 Bonds.

On May 1, 2019, the District issued refunding certificates of participation in the amount of \$8,670,000. The certificates were issued to refund \$9,095,000 of the outstanding 2009 Certificates of Participation, Series D (Build America Bonds-Federally Taxable) and pay the related costs of issuing the new refunding certificates. The net proceeds along with \$697,979 of cash reserves held with a fiscal agent/trustee in the Special Reserve Fund for capital outlay projects were deposited into an irrevocable trust to provide future debt service on the refunded portion of the 2009 Certificates of Participation. As a result, that portion of the 2009 Certificates of Participation is considered defeased and the District has removed the liability from its accounts.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 275,000	\$ 236,138	\$ 511,138
2027	285,000	230,638	515,638
2028	290,000	223,868	513,868
2029	295,000	215,892	510,892
2030	305,000	206,306	511,306
2031-2035	1,350,000	704,800	2,054,800
2036-2040	2,440,000	630,900	3,070,900
2041-2044	1,910,000	145,500	2,055,500
Totals	<u>\$ 7,150,000</u>	<u>\$ 2,594,042</u>	<u>\$ 9,744,042</u>

During the year, the District made payments on the Certificates of Participation of \$511,538 including interest of \$241,538.

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4. Financed Purchases

The District has entered into financed purchase contracts. One contract for the financing of three school buses valued at \$439,060. A second contract for financing another three school buses valued at \$449,967. Future minimum payments are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Payments</u>
2026	\$ 83,246
2027	23,728
Total Minimum Payments	106,974
Amount Representing Interest	1,881
Present Value of Net Minimum Payments	<u>\$ 105,093</u>

During the year, the District made payments on financed purchases of \$143,160 of which \$6,007 represents interest.

5. Leases Payable

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of their inception.

Lease agreements were executed in October 2017 and November 2019 to lease vehicles and require 60 monthly payments of \$5,643 per month. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.00%, which is the District's estimated incremental borrowing rate. As a result, the District has recorded a right to use asset.

A lease agreement was executed in December 2022, to lease copiers and requires 60 monthly payments of \$1,480 per month. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.00%, which is the District's estimated incremental borrowing rate. As a result, the district has recorded a right to use asset.

The future lease payment maturity schedule is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 16,315	\$ 1,444	\$ 17,759
2027	16,979	779	17,758
2028	10,219	141	10,360
	<u>\$ 43,513</u>	<u>\$ 2,364</u>	<u>\$ 45,877</u>

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**K. Detail of Fund Balance Classifications**

Details of assigned and committed Fund Balances are as follows:

	General Fund	Charter School Fund	Blended Component Unit Fund	Bond Interest and Redemption Fund	Other Governmental Funds
Assigned for:					
Instructional Materials	\$ 524,049	\$ 807,569	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-	63,234
The Preserve at Millerton Projects	-	-	199,495	-	-
Bond Payments	-	-	-	894,754	-
Child Development	-	-	-	-	39
	<u>\$ 524,049</u>	<u>\$ 807,569</u>	<u>\$ 199,495</u>	<u>\$ 894,754</u>	<u>\$ 63,273</u>

**L. Joint Ventures (Joint Powers Agreements)**

The District participates in joint ventures under joint powers agreements (JPAs) with the California Schools Risk Management Authority I and the Self-Insured Schools of California III. The relationship between Chawanakee Unified School District and the JPAs is such that neither of the JPAs is a component unit of Chawanakee Unified School District for financial reporting purposes.

Condensed audited financial information for the above JPAs (the most current information available) can be obtained through each respective authority.

**California Risk Management Authority I (CRMA I)**

The CRMA I arranges for and provides Workers' Compensation insurance and property and liability insurance for its members. CRMA I is governed by a Board consisting of a representative from each member district. The Board controls the operations of CRMA I, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the CRMA.

**Self-Insured Schools of California III (SISC III)**

SISC III arranges for and provides health, dental and vision benefits for its member districts. SISC III is governed by a Board consisting of a representative from each member district. The Board controls the operations of SISC III, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in SISC III.

**M. Pension Plans**

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

**a. Plan Descriptions**

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

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b. Benefits Provided

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

The Plans' provisions and benefits for the measurement period ending June 30, 2024 are summarized as follows:

	CalSTRS		CalPERS	
	Before	After	Before	After
	Jan. 1, 2013	Jan. 1, 2013	Jan. 1, 2013	Jan. 1, 2013
Hire Date				
Benefit Formula	2% at 60	2% at 62	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62	50-62	52-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*	1.1 - 2.5%	1.0 - 2.5%

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

c. Contributions – CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2025, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 8.00% of annual pay, and the employer's contribution rate is 27.05% of annual payroll. District contributions to the pension plan were \$1,260,011 for the year ended June 30, 2025, and equal 100% of the required contributions for the year.

d. Contributions – CalSTRS

For the year ended June 30, 2025, Section 22950 of the California Education code requires CalSTRS 2% at 60 and 2% at 62 members to contribute monthly to the system 10.25% and 10.205% of the creditable compensation, respectively, upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 19.10% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. District contributions to the pension plan were \$1,456,917 for the year ended June 30, 2025, and equal 100% of the required contributions for the year.

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e. On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the year ended June 30, 2025, the State contributed \$794,867 on behalf of the District to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures.

Accordingly, these amounts have been recorded in these financial statements.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan. The CalSTRS net pension liability reflects 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 of each plan, the related CalSTRS State support, and the total portion of the net pension liability that is associated with the District is as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
District's proportionate share of the net pension liability	\$ 8,590,502	\$ 8,595,258	\$ 17,185,760
State's proportionate share of the net pension liability associated with the District	<u>3,941,412</u>	<u>-</u>	<u>3,941,412</u>
Total	<u>\$ 12,531,914</u>	<u>\$ 8,595,258</u>	<u>\$ 21,127,172</u>

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
Proportion - June 30, 2023	0.013311%	0.024610%
Proportion - June 30, 2024	<u>0.012791%</u>	<u>0.024050%</u>
Change - Increase (Decrease)	<u>(0.000520%)</u>	<u>(0.000560%)</u>

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For the year ended June 30, 2025, the District recognized pension expense of \$3,392,664 and revenue of \$358,796 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,716,928	\$ -
Differences between actual and expected experience	1,692,283	437,174
Change in assumptions	227,588	586,701
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2,210,734	452,300
Net difference between projected and actual earnings on plan investments	<u>333,876</u>	<u>34,662</u>
<b>Total</b>	<b><u>\$ 7,181,409</u></b>	<b><u>\$ 1,510,837</u></b>

\$2,716,928 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2026	\$ 594,397
2027	1,936,297
2028	240,920
2029	56,152
2030	30,806
Thereafter	<u>95,072</u>
Total	<b><u>\$ 2,953,644</u></b>

a. Actuarial Assumptions

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

	<u>CalSTRS</u>	<u>CalPERS</u>
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry Age - Normal Cost Method	Entry Age - Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Wage Growth	3.50%	(3)
Post Retirement Benefit Increase	(1)	(4)
Investment Rate of Return	7.10%	6.90%
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

(2) CalSTRS base mortality tables are custom tables delivered to best fit the patterns of mortality among CalSTRS members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023 and projected improvement is based on the MP-2021 Ultimate Projection Scale. Improvement Scale (MP-2019) table issued by the Society of actuaries.

(3) Varies by entry age and service.

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(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.30% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The rates incorporate generational mortality to capture ongoing mortality improvement using 80% of the scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

b. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates in accordance with the rate increases per AB 1469. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalSTRS and CalPERS websites.

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

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM in May 2023. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every four years.

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

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return and arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

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CalPERS

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (Years 1-10) (1)(2)</u>
Global Equity - cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

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

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

CalSTRS

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38.00%	5.25%
Real Estate	15.00%	4.05%
Private Equity	14.00%	6.75%
Fixed Income	14.00%	2.45%
Risk Mitigating Strategies	10.00%	2.25%
Inflation Sensitive	7.00%	3.65%
Cash/Liquidity	2.00%	0.05%
	<u>100.00%</u>	

\* 20-to 30-year geometric average. Real rates of return are net of assumed 2.75% inflation.

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

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 15,279,692	\$ 12,768,328
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 8,590,502	\$ 8,595,258
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 3,004,751	\$ 5,147,971

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d. Pension Plan Fiduciary Net Position

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

3. Post-Employment Cash Benefits Plan:

Plan Description

The District also administers a single-employer defined benefit plan that provides District-paid early retirement stipends, temporary cash pension benefits, and cash in lieu of health benefits to eligible employees. There are no assets accumulated in a trust that meets the three criteria established in GASB Statement No. 67 and 68.

Benefits Provided

Employees hired prior to July 1, 1992, who retire out of the District between ages 50 and 61, have at least 10 years of District service, meet the CalPERS or CalSTRS qualifications for retirement, and are in at least column five of the salary schedule (plus 30 units if born after December 31, 1942) are eligible for District-paid early retirement stipends. The stipends may be used towards the purchase of healthcare benefits. The benefit is \$-0- in the first year after retirement, \$50.00 (\$37.50 for Classified) in the second year after retirement, and \$100.00 (\$75.00 for Classified) in the third and subsequent years after retirement. After age 65, retirees with at least five years of District service will receive, in addition to the Early Retirement Stipend, a benefit equal to \$2.78 per month time years of service (to a maximum of \$100.00/month) that will be applied to healthcare premiums for coverage under District plans, or reimbursed for coverage outside the District.

In addition to the above, currently there are no retirees receiving temporary cash pension benefits equal to 70% of their salary, spread over a period of either five or seven years.

No retirees receive cash in lieu of health benefits.

Requirements of the District are established and may be amended through negotiations between the District and the respective bargaining units.

Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District's total pension liability of \$445,056 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation.

Changes in the District's Total Pension Liability

Balance at June 30, 2024	<u>\$ 532,657</u>
Changes for the year:	
Service cost	-
Interest	19,347
Differences between expected and actual experience	(16,927)
Changes of assumptions	(32,682)
Benefit payments	<u>(57,339)</u>
Net change in total pension liability	<u>(87,601)</u>
Balance at June 30, 2025	<u>\$ 445,056</u>

There were no changes to the benefit terms since the July 1, 2024 valuation.

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

Changes of assumptions. The total pension liability as of June 30, 2025 was determined using a discount rate of 5.20%, the S&P Municipal Bond 20-Year High Grade rate index as of June 30, 2025.

For the year ended June 30, 2025, the District recognized pension expense of \$(32,155). At June 30, 2025, the District had no deferred outflows of resources and deferred inflows of resources to pensions.

Actuarial Assumptions and Other Inputs

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	5.20%

Pre-retirement mortality rates were based mortality rates for active employees from CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019). Post-retirement mortality rates were based on mortality rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018) and for Healthy Recipients from CalPERS Experience Study (2000-2019).

Discount Rate

The discount rate used to measure the total pension liability was 5.20% and is equal to the S&P Municipal Bond 20-Year High Grade rate index as of June 30, 2025.

Sensitivity to Total Pension Liability to Changes in the Discount Rate

The following represents the District's total pension liability for Post-Employment Cash Benefits Plan, calculated using the discount rate for the Plan, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	4.20%
Net Pension Liability	\$ 471,263
Current Discount Rate	5.20%
Net Pension Liability	\$ 445,056
1% Increase	6.20%
Net Pension Liability	\$ 421,680

N. Post-Employment Benefits Other than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

In addition to the pension benefits described in Note M, the District provides post-employment health care and longevity benefits to employees who retired from the District under CalPERS or CalSTRS, as applicable with at least 10 years of service. Classified and classified management employees hired on or after July 1, 1992 are not eligible for retiree health benefits. The plan is a single-employer defined benefit OPEB plan administered by District's board of directors. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB 75 statement.

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

Employees Covered by Benefit Terms

As of June 30, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Participating Active Employees	<u>68</u>
Total Number of participants	<u><u>75</u></u>

Contributions

The contribution requirements of OPEB Plan members and the District are established and may be amended through negotiations between the District and the respective bargaining units. The voluntary contribution is based on projected pay-as-you-go financing requirements. Therefore, a schedule of OPEB Contributions is not presented in the Required Supplementary Information. For the fiscal year ended June 30, 2025, the District contributed \$93,636 to the Plan, of which \$93,636 was used for current premiums.

An actuarially determined contribution was not calculated for OPEB for the fiscal year, therefore a 10-year schedule is not presented in the required supplementary information.

2. Total OPEB Liability

The District's total OPEB liability of \$838,166 was measured as of June 30, 2025 and was determined by an actuarial valuation date of July 1, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	5.20 percent
Healthcare Cost Trend Rates	7.00 percent

Pre-retirement mortality rates were based on the Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018) for certificated and from CalPERS Experience Study (2000-2019) for classified. Post-retirement mortality rates were based on Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018) for certificated and Post-retirement rates for Health Recipients from CalPERS Experience Study (2000-2019) for classified.

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

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

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

3. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	\$ 1,352,029
Changes for the year:	
Service cost	70,733
Interest on Total OPEB Liability	36,480
Expected Investment Income	-
Administrative Expenses	-
Employee Contributions	-
Employee Contributions to Trust	-
Employer Contributions as Benefit Payments	(62,191)
Actual Benefit Payments from Trust	-
Actual Benefit Payments from Employer	-
Experience (Gains)/Losses from Expected Minus Actual Benefit Payments	-
Expected Balance at June 30, 2025	<u>1,397,051</u>
Experience (Gains)/Losses	(478,832)
Changes in Assumptions	(80,053)
Changes in Benefit Terms	-
Investment Gains/(Losses)	-
Other	-
Net changes	<u>(513,863)</u>
Balance at June 30, 2025	<u>\$ 838,166</u>

The discount rate of 5.20% for fiscal year ended June 30, 2025 increased by 1.23% from the discount rate of 3.97% in prior measurement period of June 30, 2024. There were no other changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2025.

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

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>District's OPEB Plan</u>
1% decrease	4.20%
Total OPEB Liability	\$ 907,273
Current discount rate	5.20%
Total OPEB Liability	\$ 838,166
1% increase	6.20%
Total OPEB Liability	\$ 774,508

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

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

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>District's OPEB Plan</u>
1% decrease	6.00%
Total OPEB Liability	\$ 734,304
Current healthcare cost trend rate	7.00%
Total OPEB Liability	\$ 838,166
1% increase	8.00%
Total OPEB Liability	\$ 961,813

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$95,690. As of fiscal year ended June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made subsequent to measurement date	\$ -	\$ -
Differences between expected and actual experience	290,176	485,309
Change in assumptions	78,223	142,257
Net difference between projected and actual earnings on OPEB plan investments	-	-
	<u>\$ 368,399</u>	<u>\$ 627,566</u>

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

<u>Year Ended June 30:</u>	
2026	\$ (12,875)
2027	(27,414)
2028	(30,959)
2029	(25,148)
2030	(10,449)
Thereafter	(152,322)
Total	<u>\$ (259,167)</u>

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

O. Chawanakee Unified School District Community Facilities District No. 2019-1 (Preserve at Millerton Lake)

In January 2020, the Board formed the Chawanakee Unified School District Community Facilities District (CFD) No 2019-1 (Preserve at Millerton Lake) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part I of Division 2 of Title 5, commencing with Section 53311, of the California Governmental Code. The CFD is authorized to finance certain facilities and public services and to incur bonded indebtedness and other debt in an amount not to exceed \$75,000,000. In February 2020, the District levied Special Taxes within the CFD commencing in fiscal year 2020-2021 and in each fiscal year thereafter. During the 2019-20 fiscal year, the District entered into an agreement with the developer to advance \$70,000 in funds used for the initial costs of establishing the CFD.

P. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

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

Work in Progress

The District has contracts for construction-in-progress which will be funded from Federal and State Grants:

	Project Authorization	Expended to June 30, 2025	Committed
Rio Mesa High School	\$ 5,457,108	\$ 2,277,254	\$ 3,179,854
Other Project Costs		394,954	
Total Work in Progress		<u>\$ 2,672,208</u>	

## **Required Supplementary Information**

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
<b>LCFF Sources:</b>				
State Apportionment or State Aid	\$ 5,101,994	\$ 5,064,904	\$ 5,064,904	\$ --
Education Protection Account Funds	4,222,886	3,704,922	3,704,922	--
Local Sources	4,842,793	5,349,189	5,349,006	(183)
Federal Revenue	431,064	517,112	517,112	--
Other State Revenue	2,590,178	3,204,047	3,179,046	(25,001)
Other Local Revenue	822,707	1,779,693	1,777,182	(2,511)
<b>Total Revenues</b>	<u>18,011,622</u>	<u>19,619,867</u>	<u>19,592,172</u>	<u>(27,695)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Certificated Salaries	6,271,582	7,450,669	6,190,184	1,260,485
Classified Salaries	3,542,324	3,693,365	3,539,044	154,321
Employee Benefits	4,170,496	4,334,803	4,370,802	(35,999)
Books And Supplies	853,362	985,692	950,370	35,322
Services And Other Operating Expenditures	2,535,408	3,168,460	3,423,264	(254,804)
Other Outgo	165,129	176,278	197,945	(21,667)
Direct Support/Indirect Costs	(5,358)	(3,811)	(3,811)	--
Capital Outlay	392,726	565,720	565,720	--
<b>Debt Service:</b>				
Principal	121,503	144,023	96,059	47,964
Interest	4,014	4,015	6,077	(2,062)
<b>Total Expenditures</b>	<u>18,051,186</u>	<u>20,519,214</u>	<u>19,335,654</u>	<u>1,183,560</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(39,564)</u>	<u>(899,347)</u>	<u>256,518</u>	<u>1,155,865</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(74,700)	(279,000)	(276,426)	2,574
<b>Total Other Financing Sources (Uses)</b>	<u>(74,700)</u>	<u>(279,000)</u>	<u>(276,426)</u>	<u>2,574</u>
<b>Net Change in Fund Balance</b>	<u>(114,264)</u>	<u>(1,178,347)</u>	<u>(19,908)</u>	<u>1,158,439</u>
<b>Fund Balance, July 1</b>	<u>2,463,732</u>	<u>2,463,732</u>	<u>2,444,246</u>	<u>(19,486)</u>
<b>Fund Balance, June 30</b>	<u>\$ 2,349,468</u>	<u>\$ 1,285,385</u>	<u>\$ 2,424,338</u>	<u>\$ 1,138,953</u>

# CHAWANAKEE UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
LCFF Sources:				
State Apportionment or State Aid	\$ 2,185,975	\$ 2,148,836	\$ 2,148,836	\$ --
Education Protection Account Funds	515,271	498,634	498,634	--
Local Sources	1,605,086	1,827,585	1,827,585	--
Other State Revenue	418,309	387,568	387,568	--
Other Local Revenue	--	100,400	100,400	--
Total Revenues	<u>4,724,641</u>	<u>4,963,023</u>	<u>4,963,023</u>	<u>--</u>
<b>Expenditures:</b>				
Current:				
Certificated Salaries	1,734,761	1,824,669	1,837,784	(13,115)
Classified Salaries	912,991	908,857	908,857	--
Employee Benefits	1,090,975	1,189,767	1,189,767	--
Books And Supplies	104,134	75,719	75,719	--
Services And Other Operating Expenditures	567,452	583,746	583,746	--
Other Outgo	27,070	28,441	28,441	--
Capital Outlay	2,298	128,950	128,950	--
Debt Service:				
Principal	328,172	341,524	340,332	1,192
Interest	243,700	243,105	244,297	(1,192)
Total Expenditures	<u>5,011,553</u>	<u>5,324,778</u>	<u>5,337,893</u>	<u>(13,115)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(286,912)</u>	<u>(361,755)</u>	<u>(374,870)</u>	<u>(13,115)</u>
Other Financing Sources (Uses):				
Transfers In	--	235,000	235,000	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>235,000</u>	<u>235,000</u>	<u>--</u>
Net Change in Fund Balance				
	(286,912)	(126,755)	(139,870)	(13,115)
Fund Balance, July 1				
	<u>1,251,473</u>	<u>1,251,473</u>	<u>1,251,473</u>	<u>--</u>
Fund Balance, June 30				
	<u>\$ 964,561</u>	<u>\$ 1,124,718</u>	<u>\$ 1,111,603</u>	<u>\$ (13,115)</u>

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

	Fiscal Years*									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability (asset)	0.008615%	0.007808%	0.007534%	0.008571%	0.009231%	0.010489%	0.010937%	0.011515%	0.013311%	0.012791%
District's proportionate share of the net pension liability (asset)	\$ 5,800,103	\$ 6,315,151	\$ 6,967,703	\$ 7,877,664	\$ 8,336,958	\$ 10,165,033	\$ 4,976,992	\$ 8,001,574	\$ 10,137,902	\$ 8,590,502
State's proportionate share of the net pension liability (asset)	3,067,607	3,595,632	4,122,068	4,510,353	4,548,404	5,240,033	2,504,281	4,007,212	4,857,442	3,941,412
<b>Total</b>	<b>\$ 8,867,710</b>	<b>\$ 9,910,783</b>	<b>\$ 11,089,771</b>	<b>\$ 12,388,017</b>	<b>\$ 12,885,362</b>	<b>\$ 15,405,066</b>	<b>\$ 7,481,273</b>	<b>\$ 12,008,786</b>	<b>\$ 14,995,344</b>	<b>\$ 12,531,914</b>
District's covered-employee payroll	\$ 3,920,315	\$ 3,888,052	\$ 4,035,380	\$ 4,515,468	\$ 5,054,294	\$ 5,817,890	\$ 6,465,583	\$ 6,797,696	\$ 8,074,401	\$ 8,337,803
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	147.95%	162.42%	172.67%	174.46%	164.95%	174.72%	76.98%	117.71%	125.56%	103.03%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

\*\* Information presented is for the fiscal year ended on the measurement date of the net pension liability.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	Fiscal Years									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 417,188	\$ 507,650	\$ 651,520	\$ 822,839	\$ 994,899	\$ 1,044,187	\$ 1,150,167	\$ 1,541,898	\$ 1,592,186	\$ 1,456,917
Contributions in relation to the contractually required contributions	(417,188)	(507,650)	(651,520)	(822,839)	(994,899)	(1,044,187)	(1,150,167)	(1,541,898)	(1,592,186)	(1,456,917)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,888,052	\$ 4,035,380	\$ 4,515,468	\$ 5,054,294	\$ 5,817,890	\$ 6,465,583	\$ 6,797,696	\$ 8,074,401	\$ 8,337,803	\$ 7,629,691
Contributions as a percentage of covered-employee payroll	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%	19.10%

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

	Fiscal Years*									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability (asset)	0.012726%	0.012122%	0.013019%	0.015208%	0.018373%	0.020207%	0.021265%	0.023069%	0.024610%	0.024050%
District's proportionate share of the net pension liability (asset)	\$ 1,875,776	\$ 2,394,177	\$ 3,107,970	\$ 4,054,897	\$ 5,354,647	\$ 6,200,100	\$ 4,324,207	\$ 7,937,827	\$ 8,908,423	\$ 8,595,258
District's covered-employee payroll	\$ 1,429,785	\$ 1,441,977	\$ 1,663,169	\$ 2,016,273	\$ 2,544,226	\$ 2,911,417	\$ 3,050,924	\$ 3,420,623	\$ 4,265,600	\$ 4,743,743
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.19%	166.03%	186.87%	201.11%	210.46%	212.96%	141.73%	232.06%	208.84%	181.19%
Plan fiduciary net position as a percentage of the total pension liability	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

\* Information presented is for the fiscal year ended on the measurement date of the net pension liability.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	Fiscal Years									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 170,831	\$ 230,981	\$ 313,151	\$ 459,538	\$ 574,174	\$ 631,541	\$ 783,679	\$ 1,082,177	\$ 1,265,631	\$ 1,260,011
Contributions in relation to the contractually required contributions	(170,831)	(230,981)	(313,151)	(459,538)	(574,174)	(631,541)	(783,679)	(1,082,177)	(1,265,631)	(1,260,011)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,441,977	\$ 1,663,169	\$ 2,016,273	\$ 2,544,226	\$ 2,911,417	\$ 3,050,924	\$ 3,420,623	\$ 4,265,600	\$ 4,743,743	\$ 4,658,008
Contributions as a percentage of covered-employee payroll	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%	25.370%	26.680%	27.050%

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF THE CHANGES IN THE TOTAL PENSION LIABILITY**  
**POST-EMPLOYMENT CASH BENEFITS PLAN**  
**LAST TEN FISCAL YEARS\***

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Balance at June 30	\$ 1,183,373	\$ 1,064,507	\$ 961,918	\$ 744,644	\$ 740,023	\$ 772,485	\$ 629,204	\$ 573,808	\$ 532,657	\$ 532,657
Changes for the year:										
Service Cost	11,468	10,625	-	-	-	-	-	-	-	-
Interest	30,441	31,703	26,862	22,389	18,573	14,093	21,726	21,028	19,347	19,347
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(172,411)	-	(1,904)	-	(3,648)	-	(16,927)	(16,927)
Changes of assumptions	(39,757)	(40,824)	24,057	32,123	82,095	(80,091)	(13,131)	(3,532)	(32,682)	(32,682)
Benefit payments	(121,018)	(104,093)	(95,782)	(59,133)	(66,302)	(77,283)	(60,343)	(58,647)	(57,339)	(57,339)
Net change in total pension liability	(118,866)	(102,589)	(217,274)	(4,621)	32,462	(143,281)	(55,396)	(41,151)	(87,601)	(87,601)
Balance at June 30	\$ 1,064,507	\$ 961,918	\$ 744,644	\$ 740,023	\$ 772,485	\$ 629,204	\$ 573,808	\$ 532,657	\$ 445,056	\$ 445,056

There were no changes of benefit terms since the July 1, 2023 valuation.

Changes of assumptions: The total pension liability as of June 30, 2025 was determined using a discount rate of 5.20%, the S&P Municipal Bond 20-Year High Grade rate index as of June 30, 2025.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF TOTAL PENSION LIABILITY**  
**POST-EMPLOYMENT CASH BENEFITS PLAN**  
**LAST TEN FISCAL YEARS\***

	Fiscal Year								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's total pension liability	\$ 1,064,507	\$ 961,918	\$ 744,644	\$ 740,023	\$ 772,485	\$ 629,204	\$ 573,808	\$ 532,657	\$ 445,056
District's covered-employee payroll	\$ 209,582	\$ 107,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's total pension liability as a percentage of covered-employee payroll	507.92%	891.95%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS\***

	Fiscal Year**							
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service Cost	\$ 53,270	\$ 45,880	\$ 49,075	\$ 62,338	\$ 69,326	\$ 87,340	\$ 87,757	\$ 70,733
Interest on total OPEB liability	34,625	36,193	32,865	24,286	19,684	49,413	52,165	36,480
Difference between expected and actual experience	-	70,074	-	(107,491)	-	367,704	-	(478,832)
Changes in assumptions	-	36,758	44,936	47,962	(119,275)	59,760	(9,183)	(80,053)
Benefit payments	(121,502)	(119,094)	(104,720)	(99,812)	(93,350)	(137,688)	(83,959)	(62,191)
Net change in total OPEB liability	(33,607)	69,811	22,156	(72,717)	(123,615)	426,529	46,780	(513,863)
Total OPEB liability - beginning	1,016,692	983,085	1,052,896	1,075,052	1,002,335	878,720	1,305,249	1,352,029
Total OPEB liability - ending	\$ 983,085	\$ 1,052,896	\$ 1,075,052	\$ 1,002,335	\$ 878,720	\$ 1,305,249	\$ 1,352,029	\$ 838,166
Covered-employee payroll	\$ 4,599,888	\$ 5,085,136	\$ 5,809,890	\$ 6,521,583	\$ 6,877,696	\$ 8,291,401	\$ 8,535,803	\$ 7,733,691
Total OPEB liability as a percentage of covered-employee payroll	21.37%	20.71%	18.50%	15.37%	12.78%	15.74%	15.84%	10.84%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

\*\*Information presented is for the fiscal year ended on the measurement date of the total OPEB liability.

## **Supplementary Information Section**

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**YEAR ENDED JUNE 30, 2025**

	*Second Period Report	*Annual Report
<b>Chawanakee Unified</b>		
TK/K-3:		
Regular ADA	<u>345</u>	<u>344</u>
Grades 4-6:		
Regular ADA	<u>236</u>	<u>234</u>
Grades 7 and 8:		
Regular ADA	<u>145</u>	<u>144</u>
Grades 9-12:		
Regular ADA	263	259
Special Education - Nonpublic, Nonsectarian School	<u>1</u>	<u>1</u>
Grades 9-12 Totals	<u>264</u>	<u>260</u>
Total Chawanakee Unified	<u>990</u>	<u>982</u>
<b>Minarets Charter High School</b>		
Grades 9-12:		
Regular ADA - Classroom-Based	152	152
Regular ADA - Non Classroom-Based	<u>1</u>	<u>1</u>
Grades 9-12 Totals	<u>153</u>	<u>153</u>
<b>Chawanakee Academy</b>		
TK/K-3:		
Regular ADA - Non Classroom-Based	<u>55</u>	<u>55</u>
Grades 4-6:		
Regular ADA - Non Classroom-Based	<u>43</u>	<u>46</u>
Grades 7 and 8:		
Regular ADA - Non Classroom-Based	<u>33</u>	<u>34</u>
Grades 9-12:		
Regular ADA - Non Classroom-Based	<u>57</u>	<u>59</u>
Total Chawanakee Academy	<u>188</u>	<u>194</u>
ADA Totals	<u>1,331</u>	<u>1,329</u>

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

\*The average daily attendance are the original and revised amounts as the District did not have findings that impact average daily attendance.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHARTER SCHOOLS**  
**YEAR ENDED JUNE 30, 2025**

<u>Charter Schools Chartered by District</u>	<u>Charter School Number</u>	<u>Included/Not Included</u>
Minarets Charter High School	1341	Included
Chawanakee Academy	1763	Included

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**YEAR ENDED JUNE 30, 2025**

<u>Grade Level</u>	<u>Annual Minutes Requirement</u>	<u>2024-25 Actual Minutes</u>	<u>2024-25 Credited Minutes Per Approved J-13A</u>	<u>2024-25 Total Number of Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Credited Per Approved J-13A</u>	<u>Total Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
TK/Kindergarten	36,000	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 1	50,400	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 2	50,400	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 3	50,400	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 4	54,000	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 5	54,000	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 6	54,000	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 7	54,000	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 8	54,000	56,640	0	56,640	180	0	180	N/A	In Compliance
Grade 9	64,800	63,855	1,125	64,980	177	3	180	N/A	In Compliance
Grade 10	64,800	63,855	1,125	64,980	177	3	180	N/A	In Compliance
Grade 11	64,800	63,855	1,125	64,980	177	3	180	N/A	In Compliance
Grade 12	64,800	63,855	1,125	64,980	177	3	180	N/A	In Compliance

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

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

The school district received an approved J-13A for 1,125 minutes and three days for grades nine to twelve at Mountain Oaks High School.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**MINARETS CHARTER HIGH SCHOOL**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**YEAR ENDED JUNE 30, 2025**

<u>Grade Level</u>	<u>Ed. Code 47612 Minutes Requirement</u>	<u>2024-25 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Grade 9	64,800	65,410	180	N/A	In Compliance
Grade 10	64,800	65,410	180	N/A	In Compliance
Grade 11	64,800	65,410	180	N/A	In Compliance
Grade 12	64,800	65,410	180	N/A	In Compliance

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

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**CHAWANAKEE ACADEMY**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**YEAR ENDED JUNE 30, 2025**

<u>Grade Level</u>	<u>Ed. Code 47612 Minutes Requirement</u>	<u>2024-25 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
TK/Kindergarten	36,000	*	180	N/A	In Compliance
Grade 1	50,400	*	180	N/A	In Compliance
Grade 2	50,400	*	180	N/A	In Compliance
Grade 3	50,400	*	180	N/A	In Compliance
Grade 4	54,000	*	180	N/A	In Compliance
Grade 5	54,000	*	180	N/A	In Compliance
Grade 6	54,000	*	180	N/A	In Compliance
Grade 7	54,000	*	180	N/A	In Compliance
Grade 8	54,000	*	180	N/A	In Compliance
Grade 9	64,800	*	180	N/A	In Compliance
Grade 10	64,800	*	180	N/A	In Compliance
Grade 11	64,800	*	180	N/A	In Compliance
Grade 12	64,800	*	180	N/A	In Compliance

\*There was no classroom-based average daily attendance reported during 2024-25. 100% of the ADA reported reflects independent study.

School districts and charter schools must maintain their instructional minutes as defined in Education code section 46201 or 46207, as applicable. This schedule is required of all districts, including basic aid districts.

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of Education Code Sections 46201 through 46206.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

<u>General Fund</u>	(Budget) <sup>(1)</sup> 2026	2025	2024	2023
Revenues and Other Financial Sources	\$ 19,913,736	\$ 19,592,172	\$ 21,092,621	\$ 19,077,212
Expenditures	19,762,516	19,335,654	22,059,685	18,841,075
Other Uses and Transfers Out	135,000	276,426	444,364	323,579
Total Outgo	19,897,516	19,612,080	22,504,049	19,164,654
Change in Fund Balance (Deficit)	16,220	(19,908)	(1,411,428)	(87,442)
Ending Fund Balance	\$ 2,440,558	\$ 2,424,338	\$ 2,444,426	\$ 3,855,674
Available Reserves <sup>(2)</sup>	\$ 1,133,395	\$ 784,484	\$ 1,077,110	\$ 1,493,192
Available Reserves as a Percentage of Total Outgo	5.70%	4.00%	4.79%	7.79%
Total Long-Term Debt	\$ 31,914,864	\$ 32,951,386	\$ 36,231,251	\$ 33,969,756
Average daily attendance	1,031	990	947	915

(1) Budget 2026 is included for analytical purposes only and has not been subjected to audit.

(2) Available reserves consist of all unassigned fund balance and all funds reserved for economic uncertainties contained within the General Fund.

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

The General Fund balance has decreased by \$1,431,336 over the past two years. The fiscal year 2025-26 budget projects an increase of \$16,220 (0.67%). For a district of this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in three of the past three years but does not anticipate incurring an operating deficit during the 2025-26 fiscal year. The total long-term debt has decreased by \$1,018,370 over the past two years. This decrease resulted from the change in the District's net pension liability.

Average daily attendance has increased by 75 over the past two years. An increase of 41 ADA is anticipated during fiscal year 2025-26.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education:</b>			
Direct Program:			
Indian Education	84.060	10011	\$ 40,928
Passed through California Department of Education (CDE):			
ESSA: Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	187,142
ESSA: School Improvement (CSI) Funding for LEAs	84.010	15438	78,166
Subtotal			<u>265,308</u>
Special Education (IDEA) Cluster:			
Special Ed: IDEA, Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	115,865
Special Ed: IDEA, Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	16,289
Subtotal - Special Education (IDEA) Cluster			<u>132,154</u>
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	22,404
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	15,782
American Reserve Plan - Homeless Children and Youth (ARP HCY II)	84.425	15566	6,304
Total Passed Through CDE			<u>441,952</u>
Total U.S. Department of Education			<u>482,880</u>
<b>U.S. Department of Agriculture</b>			
Passed Through California Department of Education (CDE):			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13390	238,933
National School Lunch Program	10.555	13391	516,990
Food Distribution Commodities	10.555	13391	54,811
Child Nutrition: SNP COVID-19 Emergency Operational Costs Reimbursement (ERC)	10.555	15637	461
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.555	15655	46,806
Child Nutrition: Local Food for Schools	10.555	15708	2,508
Subtotal - Child Nutrition Cluster			<u>860,509</u>
Forest Reserve Program	10.665	10044	34,232
Total U.S Department of Agriculture			<u>894,741</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,377,621</u></u>

The accompanying notes are an integral part of this schedule.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

The District has elected not to use the 10-percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Non-Cash Assistance

Non-cash assistance in the form of donated foods was received from California Department of Education as a pass-through grant from the U.S. Department of Agriculture. The District reports the donated foods received on the Schedule at the fair value at time of receipt. The amount received during 2024-25 was \$54,811.

Reconciliation of Expenditures

Reconciliation of expenditures per schedule of federal grant activity with the federal revenue reported on the District's Statement of Revenue, Expenditures, and Changes in Fund Balances-Governmental Funds follows:

Schedule of Expenditures of Federal Awards	\$ 1,377,621
Child Nutrition: SNP COVID-19 Emergency Operational Costs Reimbursement (ECR) Spent	(461)
Child Nutrition: Supply Chain Assistance (SCA) Funds spent in 2024-25	<u>(46,806)</u>
Federal Revenue Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ 1,330,354</u>

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

	<u>Other Governmental Funds</u>
June 30, 2025 Annual Financial and Budget Report Fund Balances	<u>\$ 1,110,927</u>
Adjustments and Reclassifications:	
Increasing (Decreasing) the Fund Balance:	
Accounts Receivable (Overstatement)	(68,366)
Cash in Bank (Overstatement)	<u>(17,815)</u>
Net Adjustments and Reclassifications	<u>(17,815)</u>
June 30, 2025 Audited Financial Statement Fund Balances	<u>\$ 1,093,112</u>

	<u>Noncurrent Liabilities</u>
June 30, 2025 Annual Financial and Budget Report - Form Debt	<u>\$ 33,258,794</u>
Adjustments and Reclassifications:	
Increase (Decrease) in Total Liabilities:	
Finance Purchases	105,093
Leases Payable	(31,432)
Net Pension Liability	1,117,607
Total OPEB Liability	(513,863)
General Obligation Bonds Payable	(539,448)
Certificates of Participation Payable	(270,000)
Accretive Interest	(179,980)
Compensated Absences	<u>4,615</u>
Net Adjustments and Reclassifications	<u>(307,408)</u>
June 30, 2025 Noncurrent Liabilities	<u>\$ 32,951,386</u>

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

## **Other Information Section**

**CHAWANAKEE UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
YEAR ENDED JUNE 30, 2025**

The District was established on July 1, 2002, and is comprised of an area of 520 square miles located in Madera County. There were no changes in the boundaries of the District during the current year. The District is currently operating three elementary schools, one high school, one charter high school, one community day school, and one necessary small high school. The District also operates a charter independent study site for grades K-12.

**Board of Trustees**

<b><u>Name</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Seth Waltner, PhD	President	November 2026
Jessie Hutchens	Vice-President	November 2028
Barbara Bigelow	Member	November 2026
Jack Thornburg	Clerk	November 2028
Elisabeth Parish	Member	November 2026

**Administration**

Jamie Nino  
Superintendent Effective October 2024

Melissa Kielpinski  
Chief Business Officer Effective July 2024

## **Other Independent Auditor's Reports**

Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees  
Chawanakee Unified School District  
North Fork, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chawanakee Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Chawanakee Unified School District's basic financial statements, and have issued our report thereon dated March 12, 2026.

### **Report on Internal Control Over Financial Reporting**

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

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

As part of obtaining reasonable assurance about whether Chawanakee Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-002.

### **Chawanakee Unified School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Chawanakee Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Chawanakee Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

*Borchardt, Corona, Faeth  
& Gakavian*

Fresno, California  
March 12, 2026

Independent Auditor's Report on State Compliance and on Internal Control  
over Compliance for State Programs

Board of Trustees  
Chawanakee Unified School District  
North Fork, California

**Report on State Compliance**

**Qualified and Unmodified Opinions**

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

**Qualified Opinion on Proposition 28 Arts and Music in Schools Program at Minarets Charter High School**

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions paragraph, Chawanakee Unified School District complied, in all material respects, with the laws and regulations of the Proposition 28 Arts and Music in Schools Program at Minarets Charter High School for the year ended June 30, 2025.

**Unmodified Opinion on Each of the Other State Programs**

In our opinion, Chawanakee Unified School District complied, in all material respects, with the laws and regulation of the state programs noted in the table below for the year ended June 30, 2025.

**Basis for Qualified and Unmodified Opinions**

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 State's audit guide, *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Matter Giving Rise to Qualified Opinion on Proposition 28 Arts and Music in Schools Program at Minarets Charter High School**

As described in the accompanying schedule of findings and questioned costs, Chawanakee Unified School District did not comply with the requirement to use Proposition 28 Arts and Music in Schools funds to supplement existing funds for arts education programs as described in finding 2025-002 for Minarets Charter High School.

Compliance with such requirements is necessary, in our opinion, for Chawanakee Unified School District to comply with the requirements applicable to that program.

**Responsibilities of Management for State Compliance**

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

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

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

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

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:</b>	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Independent Study	N/A
Continuation Education	No (See Below)
Instructional Time:	
School Districts	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools or Programs	N/A
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes

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

Proposition 28 Arts and Music in Schools	Yes
After/Before school Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
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	N/A
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	N/A
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes

**CHARTER SCHOOLS:**

Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for continuation education because the continuation education ADA was under the level that requires testing.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with the above requirements, which are required to be reported in accordance with the State's audit guide, *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001, 2025-003, and 2025-004. Our opinion on state compliance is not modified with respect to these matters.

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

**Report on Internal Control over State Compliance**

A *deficiency in internal control over state 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 state compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Berhardt, Corona, Faeth  
& Gyakavian*

Fresno, California  
March 12, 2026

Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees  
Chawanakee Unified School District  
North Fork, California

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Chawanakee Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chawanakee Unified 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Chawanakee Unified 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 considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Borchardt, Corona, Faeth  
& Makavian*

Fresno, California  
March 12, 2026

## **Findings and Recommendations Section**

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

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

1. Financial Statements

Type of auditor's opinion issued: **Unmodified**

Internal control over financial reporting:

Material weakness (es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency (ies) identified not considered to be material weakness (es) \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted?  X  Yes \_\_\_\_\_ No

2. Federal Awards

Internal control over major programs:

Material weakness (es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency (ies) identified not considered to be material weakness (es) \_\_\_\_\_ Yes  X  None reported

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

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

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

3. State Awards

Internal control over state programs:

Material weakness (es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency (ies) identified not considered to be material weakness (es) \_\_\_\_\_ Yes  X  None reported

Type of auditor's opinion issued on compliance for state programs: **Qualified**

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

**State Awards Findings and Questioned Costs**

Finding Identification

2025 – 001 State Compliance – Expanded Learning Opportunities Program #40000

Criteria or Specific Requirement

Education Code Section 8483.4(b) – When a local educational agency contracts with a third party to operate a program pursuant to this article, the local educational agency shall require the third party to notify the local educational agency by the next working day following, and to submit a written report within seven days of, the occurrence of any health- or safety-related issues, including, but not limited to, issues involving criminal background clearances for employees, building safety, and any event specified in subdivision (c) of this Education Code.

Condition

While viewing the 2024-2025 fiscal year third-party contract between the District and Mountain Area Youth Organization “MY Club”, it was found that the contract did not include the requirements as stated under education code section 8483.4(b).

Effect

The District was not in compliance with program requirements.

Cause

The District and the third-party vendor Mountain Area Youth Organization “MY Club” were not aware of the required statement. Therefore, an addendum was never made or signed to update the 2024-2025 contract with the required statements.

Questioned Costs

None.

Identification of Repeat Finding

This audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

The District should monitor program requirements and ensure future third-party contracts include the statements required in the Education Code.

Views of responsible officials and planned Corrective Actions

The district agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

**State Awards Findings and Questioned Costs**

Finding Identification

2025 – 002 *Proposition 28 Arts and Music in Schools – Supplement Not Supplant* #40000

Criteria or Specific Requirement

Pursuant to Education Code Section 8820(g)(2), LEAs are required to use Arts and Music in Schools (AMS) funds to increase funding for arts education programs, as defined by Education Code Section 8821(a) and not to supplant existing funding for those programs.

Condition

While auditing the Minarets Charter High School's Proposition 28 Arts and Music in Schools Supplement Not Supplant Requirement Worksheet, we found that the Charter did not use AMS funds to supplement existing funds for arts education programs.

Effect

The Charter was not in compliance with program requirements.

Cause

The District did not monitor Minarets Charter High School's Proposition 28 AMS expenditures to ensure AMS funds are used to supplement existing funds for arts education programs.

Questioned Costs

When using the Proposition 28 AMS Supplement Not Supplant Requirement Worksheet, the Charter's Unallowable AMS expenditures are \$53,957 calculated as follows:

Existing non-AMS funds for arts education programs in the audit year	\$ 128,200
Expenditures for arts education programs in the audit year	\$ 130,638
Expenditures from AMS (Resource 6770) in the audit year	<u>56,394</u>
Non-AMS expenditures on arts education programs in the audit year	\$ 74,244
Unallowable AMS expenditures	\$ 53,956

Identification of Repeat Finding

The audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

The District should monitor Minarets Charter High School's Proposition 28 AMS expenditures to ensure AMS funds are used to supplement existing funds for arts education programs.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

**State Awards Findings and Questioned Costs**

Finding Identification

2025 – 003 State Compliance - Classroom Teacher Salaries #61000

Criteria or Specific Requirement

Education Code Section 41372. A unified school district shall expend 55 percent of the District's total educational expenses for the current year on payment of salaries for classroom teachers. The District can be granted an exemption from the County Superintendent of Schools if the percentage is not met, in accordance with Education Code Section 41372.

Condition

While reviewing the Current Expense Formula/Minimum Classroom Compensation report (Form CEA), we noted that the District did not meet the required minimum classroom compensation percentage for a unified school district. The District's current expense of education for the year, after applicable reductions and audit adjustments was \$15,603,735 or 47.11%.

Effect

The District may have apportionments equal to the deficiency in expenditures withheld from it by the County Superintendent of Schools pending a request for exemption.

Cause

The District did not expend the minimum required amount of compensation for classroom teachers.

Questioned Costs

The deficiency in percentage expended when calculated is approximately \$1,231,135.

Identification of Repeat Finding

We have identified this audit finding as a repeat of finding 2024-003 which was identified in the immediate prior audit.

Recommendation

The District must ensure that the total compensation expended on classroom teacher salaries during the fiscal year is at least 55 percent of the District's total cost of education, and if not met, the District should file for an exemption from the County Superintendent of Schools.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025

**State Awards Findings and Questioned Costs**

Finding Identification

2025 – 004 State Compliance – Teacher Misassignments #71000

Criteria or Specific Requirement

Education Code Section 44258.9 – The Legislature finds and declares that continued monitoring of teacher assignments by county superintendents of schools will help ensure that local educational agencies meet the reporting requirements of the federal Every Student Succeeds Act (Public Law 114-95), or any other federal law that effectively replaces that act and will ensure that the rate of teacher misassignments remains low.

Condition

While performing procedures to view credentials for teachers selected for attendance testing, we found one teacher at Minarets High School that was assigned to teach a position that was not consistent with the authorization of their certification. This teacher held a valid Multiple Subject Teaching Credential with an expiration date of July 1, 2026 and received their Arts, Media, and Entertainment Subject & Career Technical Education Teaching Credential on January 24, 2025. This teacher taught Arts, Media, and Entertainment Subject classes from the beginning of the school year, and was therefore misassigned from the first day of school until the Arts, Media, and Entertainment Subject credential was received on January 24, 2025.

Effect

This teacher was assigned to a position that she was not authorized to teach for a portion of the school year.

Cause

Due to administration oversight, this teacher was allowed to be transferred to Minarets High School from an elementary site before receiving their Arts, Media, and Entertainment Subject & Career Technical Education Teaching Credential to teach the single subject classes.

Questioned Costs

None.

Identification of Repeat Finding

This audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

The District should monitor and review teacher credentials to ensure that all teachers at the District are properly teaching in positions that are consistent with the authorization of their certification.

Views of responsible officials and planned Corrective Actions

The district agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2025

**State Award Findings and Questioned Costs**

Finding Identification: 2025 – 001 State Compliance – Expanded Learning Opportunities Program #40000

Name of contact person: Melissa Kielpinski, Chief Business Officer

Corrective Action: The District will revise its contract with the third-party provider to ensure it incorporates all required provisions of Education Code 8483.4(b), including reporting protocol for health and safety incidents.

Proposed Completion Date: March 20, 2026

Finding Identification: 2025 – 002 Proposition 28 Arts and Music in Schools – Supplement Not Supplant #40000

Name of contact person: Melissa Kielpinski, Chief Business Officer

Corrective Action: The District will monitor Minarets Charter High School's Proposition 28 AMS expenditures to ensure AMS funds are used to supplement existing funds for arts education programs. The district will budget for the amount of the prior year expenditures in non-Prop 28 resources and communicate with site principals to meet this threshold before using Prop 28 funds.

Proposed Completion Date: June 30, 2026

Finding Identification: 2025 – 003 State Compliance - Classroom Teacher Salaries #61000

Name of contact person: Melissa Kielpinski, Chief Business Officer

Corrective Action: The district will apply to the county for a waiver for exemption due to hardship from the Madera County Superintendent of Schools on or before March 31, 2026.

Proposed Completion Date: May 31, 2026

Finding Identification: 2025 – 004 State Compliance – Teacher Misassignments #71000

Name of contact person: Michele Hutchens, Personnel Technician

Corrective Action: The District will monitor and review teacher credentials to ensure that all teachers at the District are properly teaching in positions that are consistent with the authorization of their certification. The district utilizes the Madera County Superintendent of Schools to provide additional training for personnel department staff.

Proposed Completion Date: The current teacher misassignment has been corrected with the teacher obtaining the required CTE credential. This will be ongoing with site leadership as master schedules are currently being prepared for next school year. Teacher assignments will be consistent with their authorization by the start of school in August of 2026.

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2025**

1. **Finding/Recommendation: 2024 – 001 Attendance – Records #10000**

During our audit of continuation program attendance, we noted that students were being credited for more than their scheduled class time. Students were being credited with 30 minutes of apportionment on Wednesdays, although there is no 4<sup>th</sup> period held on Wednesdays per the bell schedules.

It was recommended that the District should ensure the bell schedules are properly set up in their attendance software.

**Current Status**

Implemented

**District Explanation if Not Implemented**

Not Applicable

2. **Finding/Recommendation: 2024 – 002 Attendance – Records #10000**

During our audit of Minarets Charter High School, we noted that the charter offered short term independent study but did not report the ADA as Nonclassroom-based on the P-2 and Annual Reports of Attendance.

It was recommended that the District should ensure to have adequate understanding of the reporting on the P-2 and Annual Report of Attendance for Charter Schools.

**Current Status**

Implemented

**District Explanation if Not Implemented**

Not Applicable

**CHAWANAKEE UNIFIED SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2025

3. **Finding/Recommendation: 2024 – 003 State Compliance – Classroom Teacher Salaries #61000**

While reviewing the Current Expense Formula/Minimum Classroom Compensation report (Form CEA), we noted that the District did not meet the required minimum classroom compensation percentage for a unified school district. The District's current expense of education for the year, after applicable reductions and audit adjustments was \$16,606,779 or 49.65%.

It was recommended that the District must ensure that the total compensation expended on classroom teacher salaries during the fiscal year is at least 55 percent of the District's total cost of education, and if not met, the District should file for an exemption from the County Superintendent of Schools.

**Current Status**

Not Implemented

**District Explanation if Not Implemented**

The district will apply to the county for a waiver for exemption due to hardship from the Madera County Superintendent of Schools on or before March 31, 2026.