

Financial Statements
June 30, 2025

Irvine Unified School District



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Independent Auditor's Report

To the Governing Board
Irvine Unified School District
Irvine, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Irvine 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Irvine Unified School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 9, 2026



This section of the Irvine Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

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

The Primary unit of the government is the Irvine Unified School District.

BOARD OF EDUCATION

LAUREN BROOKS / JEFF KIM / KATIE MCEWEN / CONNIE STONE / CYRIL YU
CASSIE PARHAM, *Superintendent of Schools*

JOHN FOGARTY, *Assistant Superintendent, Business Services* / BRIANNE FORD, *Assistant Superintendent, Information Technology*
STAN MACHESKY, *Assistant Superintendent, Education Services* / EAMONN O'DONOVAN, *Assistant Superintendent, Human Resources*

IUSD . . . providing the highest quality educational experience we can envision.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like special tax receipts for debt service requirements of the Community Facilities Districts within our boundaries. The District's fiduciary activities are reported in the Fiduciary Fund-Financial Statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$2,003,827,833 for the fiscal year ended June 30, 2025. Of this amount, \$(367,876,174) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the Board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2025	2024*
Assets		
Current and other assets	\$ 821,321,893	\$ 860,249,964
Long term receivables	46,380,000	48,630,000
Capital assets, net	<u>1,886,682,041</u>	<u>1,836,424,029</u>
Total assets	<u>2,754,383,934</u>	<u>2,745,303,993</u>
Deferred outflows of resources	<u>154,605,051</u>	<u>157,473,534</u>
Liabilities		
Current liabilities	51,916,212	61,398,717
Long-term liabilities	<u>810,087,412</u>	<u>770,673,565</u>
Total liabilities	<u>862,003,624</u>	<u>832,072,282</u>
Deferred inflows of resources	<u>43,157,528</u>	<u>30,594,713</u>
Net Position		
Net investment in capital assets	1,739,151,211	1,693,997,614
Restricted	632,552,796	651,364,228
Unrestricted deficit	<u>(367,876,174)</u>	<u>(305,251,310)</u>
Total net position	<u><u>\$ 2,003,827,833</u></u>	<u><u>\$ 2,040,110,532</u></u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 17 for further information.

The \$(367,876,174) in unrestricted deficit net position of governmental activities represents the accumulated results of all past years' operations. All districts throughout California were required to implement GASB Statement Nos. 68 and 75 to account for pension and postemployment benefits liability, other than pensions, for their retirees. The District's combined pension and postemployment benefits liabilities were \$448,241,705 and \$479,197,087 for the years ending June 30, 2025 and June 30, 2024, respectively.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	\$ 5,434,789	\$ 1,806,465
Operating grants and contributions	151,049,256	151,633,935
Capital grants and contributions	20,454,936	67,250,418
General revenues		
Federal and State aid not restricted	53,240,947	82,635,623
Property taxes	426,953,816	394,995,165
Other general revenues	6,910,904	11,833,967
Total revenues	664,044,648	710,155,573
Expenses		
Instruction-related	425,096,153	421,291,607
Pupil services	85,483,464	76,775,064
Administration	13,669,245	18,412,726
Plant services	71,702,252	119,203,228
All other services	32,662,660	29,566,648
Total expenses	628,613,774	665,249,273
Change in net position	\$ 35,430,874	\$ 44,906,300

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 17 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$628,613,774. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$426,953,816.

In Table 3, we have presented the net cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	\$ 425,096,153	\$ 421,291,607	\$ (328,762,687)	\$ (271,909,323)
Pupil services	85,483,464	76,775,064	(52,032,847)	(37,898,101)
Administration	13,669,245	18,412,726	(11,759,685)	(16,491,082)
Plant services	71,702,252	119,203,228	(66,292,527)	(115,528,714)
All other services	32,662,660	29,566,648	7,172,953	(2,731,235)
Total	\$ 628,613,774	\$ 665,249,273	\$ (451,674,793)	\$ (444,558,455)

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 17 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$706,218,147, which is a decrease of \$25,141,613 from last year.

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	\$ 155,611,253	\$ 605,482,234	\$ 616,037,879	\$ 145,055,608
Building	86,341,356	14,035,493	22,119,830	78,257,019
County School Facilities	265,326,464	39,678,943	34,716,063	270,289,344
CFD Capital Projects	109,678,543	15,440,550	24,088,825	101,030,268
Student Activity	3,565,558	7,074,407	6,285,481	4,354,484
Adult Education	248,219	638,679	481,407	405,491
Child Development	1,702,779	2,544,344	2,203,869	2,043,254
Cafeteria	29,912,159	27,022,822	19,988,186	36,946,795
Deferred Maintenance	1,494,986	3,736,521	4,783,267	448,240
Capital Facilities	11,135,865	5,353,883	2,868,406	13,621,342
Special Reserve Fund for Capital Outlay Projects	56,733,934	4,647,986	15,809,658	45,572,262
Bond Interest and Redemption	9,608,644	10,729,384	12,143,988	8,194,040
Debt Service Fund for Blended Component Units	-	4,517,950	4,517,950	-
Total	\$ 731,359,760	\$ 740,903,196	\$ 766,044,809	\$ 706,218,147

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.)

Budgeted expenditures increased by \$31,942,965 due to the appropriation of prior year fund balances and negotiated one-time salary increases. There were also increases for gift allocations that occurred during the year. These amounts were unknown at the time the budget was adopted and these adjustments were made during the fiscal year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$1,886,682,041 (net) in a broad range of capital assets and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, furniture, and equipment.

Table 5

(Net of accumulated depreciation and amortization)

	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 1,014,975,787	\$ 1,061,820,170
Buildings and improvements	854,816,563	758,741,125
Equipment	10,908,411	10,972,879
Right-to-use subscription IT assets	5,981,280	4,889,855
Total	\$ 1,886,682,041	\$ 1,836,424,029

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$810,087,412 in long-term liabilities outstanding versus \$770,673,565 last year; an increase of \$39,413,847, or 5.1%.

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	\$ 207,575,000	\$ 211,575,000
Irvine USD Public Financing Authority (PFA) local agency bonds	46,380,000	48,630,000
Unamortized premiums	14,821,202	15,570,763
Financed purchases	414,538	499,391
Subscription-based IT arrangements	5,384,840	3,745,965
Compensated absences	71,542,661	642,941
Claims liability	13,808,265	10,812,418
Aggregate net OPEB liability	48,603,484	45,628,780
Aggregate net pension liability	401,557,422	433,568,307
	<u>\$ 810,087,412</u>	<u>\$ 770,673,565</u>
Total		

*Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 17 for further information.

At year-end, the District has an aggregate net pension liability of \$401,557,422 versus \$433,568,307 last year, a decrease of \$32,010,885, or 7.4%.

We present more detailed information regarding our long-term liabilities in Note 9, Note 10, Note 13, and Note 14 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-2025 ARE NOTED BELOW:

- A 2.0% one-time off- schedule salary increase.
- Continued construction for Measure E projects in Series 3 at four school sites.
- Continued planning for Measure E projects in Series 4 at six school sites.
- Completed construction for the Portola High School Relo 2024 (leased) project and began construction for an additional Portola High School Relo 2025 (leased) project.
- Completed construction for the Loma Ridge Elementary School Relo (purchased) project.
- Completed construction for the Culverdale Relo (purchased) project.
- Completed construction for the Canyon View Elementary Relo (leased) project.
- Completed construction for the Sierra Vista Middle School Relo (leased) project.
- Completed construction for the Special Ed Playground project.
- Completed construction for the Expanded Learning Opportunities Program projects.
- Completed construction for the Portola Springs Elementary School Relo (leased) project.

- Continuing construction for WellSpace projects at multiple school sites.
- Continuing construction for the University HS Roofing Repair project.
- Continued construction for the Nutrition Services Expansion project.
- Continued construction for the Portola High School Expansion project.
- Put a hold on the planning for the Canyon View Elementary Relo (purchased) project.
- Began construction for the Eastwood Elementary Relo (purchased) project.
- Began construction for the Oak Creek Elementary Relo (purchased) project.
- Began construction for the Canyon View Elementary Kinder Expansion project.
- Began construction for the Stonegate Elementary Relo (purchased) project.
- Cancelled the Beacon Park K-8 Relo (purchased) project.
- Began construction for the Cadence Park K-8 Relo (purchased) project.
- Began construction for the Rancho San Joaquin Middle School HVAC Replacement project.
- Began construction for the ECLC Improvements projects.
- Began construction for the Westwood Relo 2024 project.
- Began and completed construction of the Westpark ES Play Structure project.
- Began construction of the Oak Creek ES Play Structure project.
- Began planning for the Beacon Park K-8 Expansion project.
- Began planning for the Solis Park K-8 Expansion project.
- Began planning for the Sierra Vista MS MPR Expansion project.
- Began planning for the CEC IT Relo 2025 project.
- Began planning for the Woodbridge HS Modernization project
- Began planning for the Woodbridge HS Relo 2025 (Interim Housing) project.
- Began planning for the Woodbridge HS Field Lighting project.
- Began planning for the Northwood HS Field Lighting project.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2025-2026 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Five percent increase for property tax revenues.
2. Projected ADA growth of 341 students is anticipated.
3. Revenue projections based on Local Control Funding Formula.
4. Local revenues/gift funds remain unbudgeted until received.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Pre-K	10:1	1,157
Kindergarten	31:1	1,935
Grades one through three	30:1	7,741
Grades four through six	31.5:1	9,299
Grades seven through twelve	30.5:1	18,054

The new items specifically addressed in the budget are:

1. No salary increases are projected for 2025-2026.
2. No increases in health benefit contributions are projected in 2025-2026.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Irvine Unified School District, 5050 Barranca Parkway, Irvine, California, 92604, or e-mail at JohnFogarty@iusd.org.

Irvine Unified School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 779,041,265
Receivables	40,848,182
Interest receivable	737,233
Prepaid expense	238,216
Stores inventories	432,148
Other current assets	24,849
Long-term receivables due within one year	2,450,000
Long-term receivables due in more than one year	43,930,000
Capital assets not depreciated or amortized	1,014,975,787
Capital assets, net of accumulated depreciation and amortization	871,706,254
Total assets	2,754,383,934
Deferred Outflows of Resources	
Deferred charge on refunding	2,407,731
Deferred outflows of resources related to OPEB	10,715,643
Deferred outflows of resources related to pensions	141,481,677
Total deferred outflows of resources	154,605,051
Liabilities	
Accounts payable	44,729,390
Interest payable	3,418,563
Unearned revenue	3,768,259
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	32,153,720
OPEB liability due within one year	1,919,201
Long-term liabilities other than OPEB and pensions due in more than one year	327,772,786
Aggregate net OPEB liability	46,684,283
Aggregate net pension liability	401,557,422
Total liabilities	862,003,624
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	9,645,752
Deferred inflows of resources related to pensions	33,511,776
Total deferred inflows of resources	43,157,528
Net Position	
Net investment in capital assets	1,739,151,211
Restricted for	
Debt service	4,775,477
Capital projects	430,513,216
Educational programs	102,043,177
Other restrictions	95,220,926
Unrestricted deficit	(367,876,174)
Total net position	\$ 2,003,827,833

Irvine Unified School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 349,006,108	\$ 575,152	\$ 67,029,897	\$ 20,454,936	\$ (260,946,123)
Instruction-related activities					
Supervision of instruction	29,535,570	152,772	6,336,054	-	(23,046,744)
Instructional library, media, and technology	13,170,410	918	(1,190)	-	(13,170,682)
School site administration	33,384,065	29,888	1,755,039	-	(31,599,138)
Pupil services					
Home-to-school transportation	15,032,451	67,785	1,314,068	-	(13,650,598)
Food services	17,315,029	495,818	21,857,344	-	5,038,133
All other pupil services	53,135,984	65,894	9,649,708	-	(43,420,382)
Administration					
Data processing	7,833,883	-	-	-	(7,833,883)
All other administration	5,835,362	34,714	1,874,846	-	(3,925,802)
Plant services	71,702,252	364,457	5,045,268	-	(66,292,527)
Ancillary services	18,318,639	82,176	18,386,564	-	150,101
Community services	1,366,937	-	-	-	(1,366,937)
Interest on long-term liabilities	9,884,737	-	-	-	(9,884,737)
Other outgo	3,092,347	3,565,215	17,801,658	-	18,274,526
Total governmental activities	\$ 628,613,774	\$ 5,434,789	\$ 151,049,256	\$ 20,454,936	(451,674,793)
General Revenues and Subventions					
Property taxes, levied for general purposes					403,840,706
Property taxes, levied for debt service					10,441,281
Taxes levied for other specific purposes					12,671,829
Federal and State aid not restricted to specific purposes					53,240,947
Interest and investment earnings					8,910,543
Interagency (expenditures)					(2,056,003)
Miscellaneous					56,364
Subtotal, general revenues and subventions					487,105,667
Change in Net Position					35,430,874
Net Position - Beginning, as previously reported					2,040,110,532
Adjustments (Note 17)					(71,713,573)
Net Position - Beginning, as restated					1,968,396,959
Net Position - Ending					\$ 2,003,827,833

Irvine Unified School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Building Fund	County School Facilities Fund
Assets			
Deposits and investments	\$ 138,857,804	\$ 76,831,205	\$ 278,892,275
Receivables	32,240,322	258,893	937,138
Due from other funds	2,892,371	1,640,188	89,753
Prepaid expenditures	228,619	-	-
Stores inventories	250,292	-	-
Other current assets	24,849	-	-
	<u>174,494,257</u>	<u>78,730,286</u>	<u>279,919,166</u>
Total assets	<u>\$ 174,494,257</u>	<u>\$ 78,730,286</u>	<u>\$ 279,919,166</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 25,474,544	\$ 447,807	\$ 9,553,157
Due to other funds	1,215,810	25,460	76,665
Unearned revenue	2,748,295	-	-
	<u>29,438,649</u>	<u>473,267</u>	<u>9,629,822</u>
Total liabilities	<u>29,438,649</u>	<u>473,267</u>	<u>9,629,822</u>
Fund Balances			
Nonspendable	628,911	-	-
Restricted	102,043,177	78,257,019	270,289,344
Committed	5,000,000	-	-
Assigned	19,028,777	-	-
Unassigned	18,354,743	-	-
	<u>145,055,608</u>	<u>78,257,019</u>	<u>270,289,344</u>
Total fund balances	<u>145,055,608</u>	<u>78,257,019</u>	<u>270,289,344</u>
Total liabilities and fund balances	<u>\$ 174,494,257</u>	<u>\$ 78,730,286</u>	<u>\$ 279,919,166</u>

Irvine Unified School District
Balance Sheet – Governmental Funds
June 30, 2025

	CFD Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	\$ 101,545,526	\$ 113,467,211	\$ 709,594,021
Receivables	81,852	6,172,502	39,690,707
Due from other funds	-	1,215,810	5,838,122
Prepaid expenditures	-	9,597	238,216
Stores inventories	-	181,856	432,148
Other current assets	-	-	24,849
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 101,627,378</u>	<u>\$ 121,046,976</u>	<u>\$ 755,818,063</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 400,490	\$ 6,419,208	\$ 42,295,206
Due to other funds	196,620	2,021,896	3,536,451
Unearned revenue	-	1,019,964	3,768,259
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>597,110</u>	<u>9,461,068</u>	<u>49,599,916</u>
Fund Balances			
Nonspendable	-	191,453	820,364
Restricted	101,030,268	110,547,971	662,167,779
Committed	-	846,484	5,846,484
Assigned	-	-	19,028,777
Unassigned	-	-	18,354,743
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>101,030,268</u>	<u>111,585,908</u>	<u>706,218,147</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 101,627,378</u>	<u>\$ 121,046,976</u>	<u>\$ 755,818,063</u>

Total Fund Balance - Governmental Funds	\$ 706,218,147
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 2,270,200,706
Accumulated depreciation and amortization is	<u>(383,518,665)</u>
Net capital assets	1,886,682,041
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.	(3,418,563)
Long-term receivables related to Irvine Unified School District Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivables in the governmental funds. Current year collections totaling \$2,250,000 were received, leaving a balance of \$46,380,000.	46,380,000
In governmental funds, unmatured interest on long-term receivables is recognized in the period when it is received. On the government-wide financial statements, unmatured interest on long-term receivables is recognized when it is earned.	737,233
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.	52,060,599
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to:	
Debt refundings (deferred charge on refunding)	2,407,731
Aggregate net OPEB liability	10,715,643
Aggregate net pension liability	<u>141,481,677</u>
Total deferred outflows of resources	154,605,051
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to:	
Aggregate net OPEB liability	(9,645,752)
Aggregate net pension liability	<u>(33,511,776)</u>
Total deferred inflows of resources	(43,157,528)

Irvine Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	\$ (401,557,422)
The District's aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(48,603,484)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
General obligation bonds, including premium	\$ (222,396,202)
IUSD Public Financing Authority (PFA) local agency bonds	(46,380,000)
Financed purchases	(414,538)
Subscription-based IT arrangements	(5,384,840)
Compensated absences	<u>(71,542,661)</u>
Total long-term liabilities	<u>(346,118,241)</u>
Total net position - governmental activities	<u><u>\$ 2,003,827,833</u></u>

Irvine Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Building Fund	County School Facilities Fund
Revenues			
Local Control Funding Formula (LCFF)	\$ 443,684,550	\$ -	\$ -
Federal sources	15,790,507	-	-
Other State sources	93,641,834	-	6,914,395
Other local sources	44,402,346	4,153,251	13,540,541
Total revenues	597,519,237	4,153,251	20,454,936
Expenditures			
Current			
Instruction	358,600,160	-	-
Instruction-related activities			
Supervision of instruction	29,922,408	-	-
Instructional library, media, and technology	12,980,101	-	-
School site administration	35,059,099	-	-
Pupil services			
Home-to-school transportation	15,028,958	-	-
Food services	90,089	-	-
All other pupil services	53,990,191	-	-
Administration			
Data processing	7,837,032	-	-
All other administration	10,903,669	-	-
Plant services	58,808,595	93,596	74,808
Ancillary services	12,067,434	-	-
Community services	1,368,984	-	-
Other outgo	3,092,347	-	-
Facility acquisition and construction	2,027,667	22,026,234	27,726,860
Debt service			
Principal	4,107,451	-	-
Interest and other	110,910	-	-
Total expenditures	605,995,095	22,119,830	27,801,668
Excess (Deficiency) of Revenues Over Expenditures	(8,475,858)	(17,966,579)	(7,346,732)
Other Financing Sources (Uses)			
Transfers in	2,301,524	9,882,242	19,224,007
Other sources - penultimate day	-	-	-
Other sources - proceeds from issuance of SBITAs	5,661,473	-	-
Transfers out	(10,042,784)	-	(6,914,395)
Net Financing Sources (Uses)	(2,079,787)	9,882,242	12,309,612
Net Change in Fund Balances	(10,555,645)	(8,084,337)	4,962,880
Fund Balance - Beginning	155,611,253	86,341,356	265,326,464
Fund Balance - Ending	<u>\$ 145,055,608</u>	<u>\$ 78,257,019</u>	<u>\$ 270,289,344</u>

Irvine Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	CFD Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	\$ -	\$ -	\$ 443,684,550
Federal sources	-	7,394,510	23,185,017
Other State sources	-	20,372,887	120,929,116
Other local sources	5,030,830	32,813,322	99,940,290
	<u>5,030,830</u>	<u>32,813,322</u>	<u>99,940,290</u>
Total revenues	<u>5,030,830</u>	<u>60,580,719</u>	<u>687,738,973</u>
Expenditures			
Current			
Instruction	-	1,772,405	360,372,565
Instruction-related activities			
Supervision of instruction	-	175,825	30,098,233
Instructional library, media, and technology	-	-	12,980,101
School site administration	-	407,130	35,466,229
Pupil services			
Home-to-school transportation	-	-	15,028,958
Food services	-	16,718,038	16,808,127
All other pupil services	-	-	53,990,191
Administration			
Data processing	-	-	7,837,032
All other administration	-	327,870	11,231,539
Plant services	1,197,165	4,776,708	64,950,872
Ancillary services	-	6,285,481	18,352,915
Community services	-	-	1,368,984
Other outgo	-	-	3,092,347
Facility acquisition and construction	3,667,653	18,988,970	74,437,384
Debt service			
Principal	-	6,250,000	10,357,451
Interest and other	-	10,411,938	10,522,848
	<u>4,864,818</u>	<u>66,114,365</u>	<u>726,895,776</u>
Total expenditures	<u>4,864,818</u>	<u>66,114,365</u>	<u>726,895,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>166,012</u>	<u>(5,533,646)</u>	<u>(39,156,803)</u>
Other Financing Sources (Uses)			
Transfers in	-	5,685,257	37,093,030
Other sources - penultimate day	10,409,720	-	10,409,720
Other sources - proceeds from issuance of SBITAs	-	-	5,661,473
Transfers out	(19,224,007)	(2,967,847)	(39,149,033)
	<u>(8,814,287)</u>	<u>2,717,410</u>	<u>14,015,190</u>
Net Financing Sources (Uses)	<u>(8,814,287)</u>	<u>2,717,410</u>	<u>14,015,190</u>
Net Change in Fund Balances	(8,648,275)	(2,816,236)	(25,141,613)
Fund Balance - Beginning	<u>109,678,543</u>	<u>114,402,144</u>	<u>731,359,760</u>
Fund Balance - Ending	<u>\$ 101,030,268</u>	<u>\$ 111,585,908</u>	<u>\$ 706,218,147</u>

Irvine Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds \$ (25,141,613)

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

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

This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$ 78,480,363
Depreciation and amortization expense	<u>(28,222,351)</u>

Net expense adjustment	50,258,012
------------------------	------------

Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(5,661,473)

In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used.

813,853

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

16,428,619

In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and aggregate net OPEB liability during the year.

(2,608,119)

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

Deferred charge on refunding amortization	(215,617)
Amortization of debt premium	749,561

Irvine Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

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

General obligation bonds	\$ 4,000,000
Irvine Unified School District Public Financing Authority local agency bonds	2,250,000
Financed purchases	84,853
Subscription-based IT arrangements	4,022,598

The collection of tax assessment are revenues in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.

(2,250,000)

Interest on long-term receivables is recorded as a revenue in the funds when it is received; however, in the Statement of Activities, interest revenue is recognized as the interest accretes or accrues, regardless of when it is received.

(37,500)

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

104,167

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

(7,366,467)

Change in net position of governmental activities

\$ 35,430,874

Irvine Unified School District
Statement of Net Position – Proprietary Fund
June 30, 2025

	<u>Governmental Activities Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 69,447,244
Receivables	<u>1,157,475</u>
Total current assets	<u>70,604,719</u>
Liabilities	
Current liabilities	
Accounts payable	2,434,184
Due to other funds	<u>2,301,671</u>
Total current liabilities	<u>4,735,855</u>
Noncurrent liabilities	
Claims liability	<u>13,808,265</u>
Total liabilities	<u>18,544,120</u>
Net Position	
Restricted	<u><u>\$ 52,060,599</u></u>

Irvine Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2025

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues	
Charges to other funds and miscellaneous revenues	<u>\$ 51,429,760</u>
Operating Expenses	
Payroll costs	558,396
Professional and contract services	63,319,231
Supplies and materials	<u>33,065</u>
Total operating expenses	<u>63,910,692</u>
Operating Loss	<u>(12,480,932)</u>
Nonoperating Revenues	
Change in fair value of cash in county treasury	495,334
Interest income	<u>2,563,128</u>
Total nonoperating revenues	<u>3,058,462</u>
Loss before transfers	(9,422,470)
Transfers in	4,357,527
Transfers out	<u>(2,301,524)</u>
Total net transfers	<u>2,056,003</u>
Change in Net Position	(7,366,467)
Total Net Position - Beginning	<u>59,427,066</u>
Total Net Position - Ending	<u><u>\$ 52,060,599</u></u>

Irvine Unified School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2025

	Internal Service Fund
Operating Activities	
Cash receipts from interfund services provided	\$ 54,001,366
Cash payments to other suppliers of goods or services	(39,467)
Cash payments to employees for services	(558,396)
Cash payments for insurance claims	(13,994,296)
Cash payments for interfund services used	(46,790,769)
Net Cash From Operating Activities	(7,381,562)
Noncapital Financing Activities	
Transfers from other funds	4,357,527
Transfers to other funds	(2,301,524)
Net Cash From Noncapital Financing Activities	2,056,003
Investing Activities	
Interest income	2,434,404
Change in fair value of cash in county treasury	495,334
Net Cash From Investing Activities	2,929,738
Net Change in Cash and Cash Equivalents	(2,395,821)
Cash and Cash Equivalents, Beginning	71,843,065
Cash and Cash Equivalents, Ending	\$ 69,447,244
Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating loss	\$ (12,480,932)
Changes in assets and liabilities	
Receivables	148,411
Due from other funds	121,580
Accounts payable	(468,083)
Due to other funds	2,301,615
Claims liability	2,995,847
Net Cash From Operating Activities	\$ (7,381,562)

Irvine Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets	
Deposits and investments	\$ 38,136,556
Receivables	<u>1,018</u>
Total assets	<u><u>\$ 38,137,574</u></u>
Net Position	
Restricted for individuals, organizations, and other governments	<u><u>\$ 38,137,574</u></u>

Irvine Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2025

	Custodial Funds
Additions	
Special tax assessment	\$ 130,852,624
Interest	1,969,725
Total additions	132,822,349
Deductions	
Administrative expenses	11,292,497
Debt service payments	109,624,931
Payments to other governments	9,373,869
Total deductions	130,291,297
Net Change in Fiduciary Net Position	2,531,052
Net Position - Beginning	35,606,522
Net Position - Ending	\$ 38,137,574

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Irvine Unified School District (the District) was unified on July 1, 1972, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates twenty-four elementary schools, four K-8 schools, six middle schools, five high schools, one continuation school, one virtual academy school, and one adult education center.

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

Component Units

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

The Irvine Unified School District, the Irvine Unified School District Public Financing Authority (the Authority) and the Community Facilities Districts (the CFDs) have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Authority and CFDs as component units of the District. Accordingly, the financial statements of the Authority and the CFDs have been included in the financial statements of the District. The financial statements present the Authority's financial activities within the Debt Service Fund for Blended Component Units. The CFDs' financial activity is presented in the CFD Capital Projects Fund and the Custodial Funds. Debt instruments issued by the Authority are included as long-term liabilities in the government-wide financial statement. Debt instruments issued by the CFD do not represent liabilities of the District or of the component units and are not included in the government-wide financial statements.

Other Related Entities

Charter School The District has approved a charter for Irvine Chinese Immersion Academy pursuant to *Education Code* Section 47605. The Irvine Chinese Immersion Academy was granted and approved on February 7, 2023, for a term of five years commencing July 1, 2023 and continuing through June 30, 2028.

The Irvine Chinese Immersion Academy (the Charter School) is not operated by the District. The Charter School operates and provides school services as in independent entity and is not considered a component unit of the District. The District's General Fund includes property taxes received for the charter school and a corresponding expense in other outgo.

The Charter School is required in its individual charter agreement to have an annual financial audit performed. Additionally, the Charter School is to provide the District with an annual financial report.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

Community Facilities District (CFD) Capital Projects Fund The CFD Capital Projects Fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued by the District (*Education Code* Section 15125-15262).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Internal Service Fund** Internal Service Fund may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insurance program that is accounted for in an internal service fund.

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

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds account for the levying of special taxes by the Community Facilities District.

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of this fund are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

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.

Investments

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

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

Stores inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$20,000. Federally funded assets maintain a capitalization threshold of \$10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 5 to 25 years; equipment, 5 to 10 years. Land is not depreciated.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 5 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net position. For governmental funds, a liability for compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are not paid for any sick leave balance at termination of employment or at any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Premiums

Debt premiums and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Debt premiums, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits other than Pensions (OPEB)

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

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board, Assistant Superintendent of Business Services (CFO), or the Director of Fiscal Services may assign amounts for specific purposes. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position related to net of investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$632,552,796 of restricted net position and the fiduciary funds financial statements report \$38,137,574 of restricted net position.

Operating Revenues and Expenses – Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

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

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 17.

Implementation of GASB Statement No. 102

As of June 30, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government’s vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the District’s financial statements as a result of the implementation of this standard.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 709,594,021
Proprietary funds	69,447,244
Fiduciary funds	<u>38,136,556</u>
Total deposits and investments	<u><u>\$ 817,177,821</u></u>

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

Cash on hand and in banks	\$ 8,058,142
Cash with fiscal agent	804,000
Cash in revolving	150,000
Investments	<u>808,165,679</u>
Total deposits and investments	<u><u>\$ 817,177,821</u></u>

Policies and Practices

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

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

The Treasury Oversight Committee established in December 1995, which consists of the elected County Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, one special district representative member, and one member from the public sector appointed by the Board, conducts Treasury oversight of the Orange County Educational Investment Pool. The Orange County Treasury Investment Pool is not registered with the SEC.

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Orange County Treasury Investment pool and money market funds.

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

Investment Type	Reported Amount	Weighted Average Days to Maturity
Money Market Funds	\$ 115,017,688	No maturity
Orange County Treasury Investment Pool	693,147,991	273
Total	\$ 808,165,679	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Treasury Investment Pool and the Money Market Funds are rated by S&P Global Ratings. Presented below is the minimum rating required by the California *Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End
Money Market Funds	\$ 115,017,688	N/A	AAAm
Orange County Treasury Investment Pool	693,147,991	N/A	AAAf/S1
Total	\$ 808,165,679		

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of approximately \$7.0 million was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments in money market funds of \$115,017,688, a portion is guaranteed by the Securities Investor Protection Corporation (SIPC). The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Receivables

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	County School Facilities Fund	CFD Capital Projects Fund
Federal Government				
Categorical aid	\$ 10,861,684	\$ -	\$ -	\$ -
State Government				
LCFF apportionment	5,056,008	-	-	-
Categorical aid	9,108,635	-	-	-
Lottery	2,820,464	-	-	-
Local Government				
Interest	562,240	258,893	937,138	81,852
Other local sources	3,831,291	-	-	-
	<u>\$ 32,240,322</u>	<u>\$ 258,893</u>	<u>\$ 937,138</u>	<u>\$ 81,852</u>

	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities Total	Custodial Funds
Federal Government				
Categorical aid	\$ 1,602,714	\$ -	\$ 12,464,398	\$ -
State Government				
LCFF apportionment	-	-	5,056,008	-
Categorical aid	4,170,052	-	13,278,687	-
Lottery	-	-	2,820,464	-
Local Government				
Interest	399,736	371,537	2,611,396	1,018
Other local sources	-	785,938	4,617,229	-
	<u>\$ 6,172,502</u>	<u>\$ 1,157,475</u>	<u>\$ 40,848,182</u>	<u>\$ 1,018</u>

Note 4 - Long-Term Receivables

Proceeds from bonds issued by the Irvine Unified School District Public Financing Authority (IUSD PFA) were used to purchase outstanding bonds of various Community Facilities Districts (CFDs). In accordance with the agreement between the IUSD PFA and CFD's, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the IUSD PFA. The total amount of benefit provided by the IUSD PFA through the issuance of its special tax bonds was \$61,660,000. Current year payments totaling \$2,250,000 were received, leaving a total of \$46,380,000 due from the CFDs as of June 30, 2025.

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 719,387,022	\$ -	\$ -	\$ 719,387,022
Construction in progress	342,433,148	69,362,570	(116,206,953)	295,588,765
Total capital assets not being depreciated or amortized	1,061,820,170	69,362,570	(116,206,953)	1,014,975,787
Capital assets being depreciated or amortized				
Land improvements	32,612,815	988,724	-	33,601,539
Buildings and improvements	1,059,286,509	116,809,981	-	1,176,096,490
Furniture and equipment	31,918,731	1,864,568	-	33,783,299
Right-to-use subscription IT assets	10,121,409	5,661,473	(4,039,291)	11,743,591
Total capital assets being depreciated or amortized	1,133,939,464	125,324,746	(4,039,291)	1,255,224,919
Total capital assets	2,195,759,634	194,687,316	(120,246,244)	2,270,200,706
Accumulated depreciation and amortization				
Land improvements	(17,196,181)	(998,364)	-	(18,194,545)
Buildings and improvements	(315,962,018)	(20,724,903)	-	(336,686,921)
Furniture and equipment	(20,945,852)	(1,929,036)	-	(22,874,888)
Right-to-use subscription IT assets	(5,231,554)	(4,570,048)	4,039,291	(5,762,311)
Total accumulated depreciation and amortization	(359,335,605)	(28,222,351)	4,039,291	(383,518,665)
Net depreciable and amortizable capital assets	774,603,859	97,102,395	-	871,706,254
Governmental activities capital assets, net	\$ 1,836,424,029	\$ 166,464,965	\$ (116,206,953)	\$ 1,886,682,041

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

Governmental Activities	
Instruction	\$ 22,316,678
Instructional library, media, and technology	293,590
Food services	348,460
All other administration	691,900
Plant services	4,571,723
Total depreciation and amortization expense governmental activities	\$ 28,222,351

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds, and the internal service fund are as follows:

Due To	Due From						Total
	General Fund	Building Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 25,460	\$ 76,665	\$ 106,867	\$ 381,708	\$ 2,301,671	\$ 2,892,371
Building Fund	-	-	-	-	1,640,188	-	1,640,188
County School Facilities Fund	-	-	-	89,753	-	-	89,753
Non-Major Governmental Funds	1,215,810	-	-	-	-	-	1,215,810
Total	\$ 1,215,810	\$ 25,460	\$ 76,665	\$ 196,620	\$ 2,021,896	\$ 2,301,671	\$ 5,838,122

The General Fund owes the Cafeteria Non-Major Governmental Fund for reimbursement of operating expenditures.	\$ 1,215,810
The Building Fund owes the General Fund for reimbursement of payroll expenditures.	25,460
The County School Facilities Fund owes the General Fund for reimbursement of payroll expenditures.	76,665
The CFD Capital Projects Fund owes the General Fund for reimbursement of payroll and operating expenditures.	106,867
The CFD Capital Projects Fund owes the County School Facilities Fund for reimbursement of Stonegate Elementary School project expenditures.	89,753
The Adult Education Non-Major Governmental Fund owes the General Fund for reimbursement of operating expenditures.	15,340
The Child Development Non-Major Governmental Fund owes the General Fund for reimbursement of operating expenditures.	51,796
The Cafeteria Non-Major Governmental Fund owes the General Fund for reimbursement of operating expenditures.	269,915
The Capital Facilities Non-Major Governmental Fund owes the General Fund for reimbursement of payroll expenditures.	11,040
The Capital Facilities Non-Major Governmental Fund owes the Building Fund for reimbursement of Culverdale Elementary relocation project expenditures.	1,640,188
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund owes the General Fund for reimbursement of payroll expenditures.	33,617
The Internal Service Fund owes the General Fund for reimbursement of operating expenditures, transfer of interest earnings, and temporary disability costs.	<u>2,301,671</u>
	<u>\$ 5,838,122</u>

Operating Transfers

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Transfer To	Transfer From					Total
	General Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 2,301,524	\$ 2,301,524
Building Fund	-	6,914,395	-	2,967,847	-	9,882,242
County School Facilities Fund	-	-	19,224,007	-	-	19,224,007
Non-Major Governmental Funds	5,685,257	-	-	-	-	5,685,257
Internal Service Fund	4,357,527	-	-	-	-	4,357,527
Total	\$ 10,042,784	\$ 6,914,395	\$ 19,224,007	\$ 2,967,847	\$ 2,301,524	\$ 41,450,557

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future projects.	\$ 3,650,000
The General Fund transferred to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund for turf replacement reserve and technology maintenance reserve.	1,100,000
The General Fund transferred to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund for community redevelopment and contributions for future projects.	935,257
The General Fund transferred to the Internal Service Fund for property and liability to cover premiums and operating costs.	4,357,527
The County School Facilities Fund transferred to the Building Fund for construction-related expenditures.	6,914,395
The CFD Capital Projects Fund transferred to the County School Facilities Fund for construction-related expenditures.	19,224,007
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund transferred to the Building Fund for construction-related expenditures.	2,967,847
The Internal Service Fund transferred to the General Fund interest earnings.	1,807,713
The Internal Service Fund transferred to the General Fund to cover temporary disability costs.	<u>493,811</u>
Total	<u>\$ 41,450,557</u>

Note 7 - Accounts Payable

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

	General Fund	Building Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Vendor payables	\$ 9,028,754	\$ -	\$ -	\$ -	\$ 3,697,064	\$ 2,390,993	\$ 15,116,811
Salaries and benefits	16,445,790	-	-	-	646,345	43,191	17,135,326
Construction	-	447,807	9,553,157	400,490	2,075,799	-	12,477,253
Total	<u>\$ 25,474,544</u>	<u>\$ 447,807</u>	<u>\$ 9,553,157</u>	<u>\$ 400,490</u>	<u>\$ 6,419,208</u>	<u>\$ 2,434,184</u>	<u>\$ 44,729,390</u>

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 1,340,960	\$ -	\$ 1,340,960
State categorical aid	1,407,335	482,924	1,890,259
Other local	-	537,040	537,040
Total	<u>\$ 2,748,295</u>	<u>\$ 1,019,964</u>	<u>\$ 3,768,259</u>

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2024, as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 211,575,000	\$ -	\$ (4,000,000)	\$ 207,575,000	\$ 3,520,000
Unamortized debt premiums	15,570,763	-	(749,561)	14,821,202	-
Irvine Unified School District Public Financing Authority (PFA) local agency bonds	48,630,000	-	(2,250,000)	46,380,000	2,450,000
Financed purchases	499,391	-	(84,853)	414,538	95,652
Subscription-based IT arrangements	3,745,965	5,661,473	(4,022,598)	5,384,840	2,197,873
Compensated absences	72,356,514	-	(813,853)	71,542,661	23,890,195
Claims liability	10,812,418	2,995,847	-	13,808,265	-
Total	<u>\$ 363,190,051</u>	<u>\$ 8,657,320</u>	<u>\$ (11,920,865)</u>	<u>\$ 359,926,506</u>	<u>\$ 32,153,720</u>

The change in compensated absences is presented as a net change.

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the Irvine Unified School District Public Financing Authority special tax revenue bonds are made by the Debt Service Fund for Blended Component Units. Payments for the subscription-based IT arrangements and financed purchases are made by the General Fund. Payments for the claims liability are made by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Issued	Redeemed	Bonds Outstanding June 30, 2025
10/11/2016	9/1/2046	3.13-5.00%	\$ 95,000,000	\$ 69,400,000	\$ -	\$ (3,950,000)	\$ 65,450,000
8/30/2018	9/1/2048	3.50-6.00%	41,000,000	37,700,000	-	-	37,700,000
4/7/2021	9/1/2050	2.25-5.00%	45,000,000	44,475,000	-	(50,000)	44,425,000
10/25/2023	9/1/2051	4.25-5.50%	60,000,000	60,000,000	-	-	60,000,000
				<u>\$ 211,575,000</u>	<u>\$ -</u>	<u>\$ (4,000,000)</u>	<u>\$ 207,575,000</u>

2016 General Obligation Bonds, Series 2016A

In October 2016, the District issued General Obligation Bonds, Series 2016A, in the amount of \$95,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 3.13% to 5.00%.

2016 General Obligation Bonds, Series 2018B

In August 2018, the District issued General Obligation Bonds, Series 2018B, in the amount of \$41,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 3.50% to 6.00%.

2016 General Obligation Bonds, Series 2021C

In April 2021, the District issued General Obligation Bonds, Series 2021C, in the amount of \$45,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 2.25% to 5.00%.

2016 General Obligation Bonds, Series 2023D

In October 2023, the District issued General Obligation Bonds, Series 2023D, in the amount of \$60,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 4.25% to 5.50%.

Debt Service Requirements to Maturity

The general obligation bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2026	\$ 3,520,000	\$ 7,954,738	\$ 11,474,738
2027	3,350,000	7,781,688	11,131,688
2028	3,900,000	7,599,788	11,499,788
2029	4,490,000	7,428,337	11,918,337
2030	1,955,000	7,311,749	9,266,749
2031-2035	16,165,000	34,729,815	50,894,815
2036-2040	30,180,000	29,837,714	60,017,714
2041-2045	48,610,000	22,169,776	70,779,776
2046-2050	67,565,000	11,316,868	78,881,868
2051-2052	27,840,000	1,019,115	28,859,115
Total	<u>\$ 207,575,000</u>	<u>\$ 137,149,588</u>	<u>\$ 344,724,588</u>

Irvine Unified School District Public Financing Authority (IUSD PFA) Local Agency Bonds

The Irvine Unified School District Public Financing Authority (the Authority) was created to refinance certain Community Facility Districts' (CFD) debt. On December 13, 2016, the Authority issued \$61,660,000 of Local Agency Bonds series 2016. The bonds refinanced the debt for CFD 04-1, CFD 04-2A, and CFD 04-2B. As of June 30, 2025, the principal balance on the IUSD PFA bonds was \$46,380,000.

The local agency bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2026	\$ 2,450,000	\$ 2,150,450	\$ 4,600,450
2027	2,665,000	2,022,575	4,687,575
2028	2,885,000	1,883,825	4,768,825
2029	3,120,000	1,733,700	4,853,700
2030	3,375,000	1,571,325	4,946,325
2031-2035	21,155,000	4,942,625	26,097,625
2036-2037	10,730,000	435,600	11,165,600
Total	<u>\$ 46,380,000</u>	<u>\$ 14,740,100</u>	<u>\$ 61,120,100</u>

Financed Purchases

The District has entered into a financed purchase agreement for copiers located throughout the District. The terms of the agreement are for payments to be made by the District over a term of 60 months, with an interest rate of 12.04%. As of June 30, 2025, the liability balance for the financed purchases was \$414,538.

The remaining principal and interest payment requirements for the financed purchase debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 95,652	\$ 44,746	\$ 140,398
2027	107,826	32,572	140,398
2028	121,549	18,849	140,398
2029	89,511	4,089	93,600
Total	<u>\$ 414,538</u>	<u>\$ 100,256</u>	<u>\$ 514,794</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into various SBITAs for the use of the students and staff of the District. At June 30, 2025, the District has recognized right-to-use subscriptions IT assets net of accumulated amortization of \$5,981,280 and SBITA liabilities of \$5,384,840 related to these agreements. During the fiscal year, the District recorded \$4,570,048 in amortization expense and \$55,365 in interest expense. The District is required to make total principal and interest payments of \$5,548,291 through June 2029. The subscriptions have interest rates of 1.58-3.12%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,197,873	\$ 76,387	\$ 2,274,260
2027	1,453,183	48,406	1,501,589
2028	1,047,525	27,701	1,075,226
2029	686,259	10,957	697,216
Total	<u>\$ 5,384,840</u>	<u>\$ 163,451</u>	<u>\$ 5,548,291</u>

Note 10 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OBEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Retiree Health Plan	\$ 47,196,600	\$ 10,715,643	\$ 9,645,752	\$ 2,787,315
Medicare Premium Payment (MPP Program)	1,406,884	-	-	(179,196)
Total	<u>\$ 48,603,484</u>	<u>\$ 10,715,643</u>	<u>\$ 9,645,752</u>	<u>\$ 2,608,119</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	121
Active employees	2,795
Total	<u>2,916</u>

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Irvine Teachers Association (ITA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, as determined annually through the agreements with the District, ITA, CSEA, and the unrepresented groups. For the year ended June 30, 2025, the District paid \$1,919,201 to the Plan in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of \$47,196,600 was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.80%
Salary increases	0.19-8.00%, including inflation, depending on length of service
Discount rate	4.00%
Healthcare cost trend rates	4.00% for medical, 4.00% for dental, and 2.00% for vision.

The discount rate was based on the Fidelity yield index for 20-year AA rated municipal bonds.

Based on the most recent pension experience studies, CalSTRS and CalPERS actuaries have updated their valuation mortality assumptions and incorporated a margin for future mortality improvement. They have deemed the rates to be reasonable based on experience and compliant with ASOP 35 for their respective experience studies (June 30, 2022 for CalSTRS and June 30, 2019 for CalPERS). The demographic rates used for a retiree health valuation generally mirror those adopted by its companion pension plan.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the 48 months ending June 30, 2023.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2023	\$ 44,042,700
Service cost	3,586,600
Interest	1,676,500
Changes of assumptions	130,800
Benefit payments	<u>(2,240,000)</u>
Net change in total OPEB liability	<u>3,153,900</u>
Balance, June 30, 2024	<u>\$ 47,196,600</u>

There was a change in the discount rate assumption from 3.75% to 4.00% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 50,391,500
Current discount rate (4.00%)	47,196,600
1% increase (5.00%)	44,095,700

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (Various rates decreasing to 3.00% for medical and dental and 1.00% for vision)	\$ 41,666,200
Current healthcare cost trend rates (Various rates 4.00% for medical and dental and 2.00% for vision)	47,196,600
1% increase (Various rates increasing to 5.00% for medical and dental and 3.00% for vision)	53,769,300

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,919,201	\$ -
Differences between expected and actual experience	6,274,790	5,503,696
Changes of assumptions	2,521,652	4,142,056
Total	\$ 10,715,643	\$ 9,645,752

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

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 13.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (109,957)
2027	(109,957)
2028	(109,957)
2029	(109,957)
2030	(109,957)
Thereafter	(299,525)
Total	\$ (849,310)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/forms-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$1,406,884 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.5278%, and 0.5227%, resulting in a net increase in the proportionate share of 0.0051%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(179,196).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	\$ 1,517,992
Current discount rate (3.93%)	1,406,884
1% increase (4.93%)	1,309,182

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 1,303,327
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	1,406,884
1% increase (6.00% Part A and 7.50% Part B)	1,522,500

Note 11 - Non-Obligatory Debt

Bonded Debt - Community Facilities District (CFD) Special Tax Bonds

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mark-Roos Local Bond Pooling Act of 1985 and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of \$509,665,000 as of June 30, 2025, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Prepaid expenditures	228,619	-	-	-	9,597	238,216
Stores inventories	250,292	-	-	-	181,856	432,148
Total nonspendable	<u>628,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,453</u>	<u>820,364</u>
Restricted						
Legally restricted programs	102,043,177	-	-	-	4,354,484	106,397,661
Child development programs	-	-	-	-	2,043,254	2,043,254
Food service	-	-	-	-	36,762,589	36,762,589
Capital projects	-	78,257,019	270,289,344	101,030,268	59,193,604	508,770,235
Debt services	-	-	-	-	8,194,040	8,194,040
Total restricted	<u>102,043,177</u>	<u>78,257,019</u>	<u>270,289,344</u>	<u>101,030,268</u>	<u>110,547,971</u>	<u>662,167,779</u>
Committed						
Adult education program	-	-	-	-	398,244	398,244
Deferred maintenance program	-	-	-	-	448,240	448,240
Contingency reserve	5,000,000	-	-	-	-	5,000,000
Total committed	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>846,484</u>	<u>5,846,484</u>
Assigned						
Site/department carryover	9,413,997	-	-	-	-	9,413,997
LCAP allocations	9,614,780	-	-	-	-	9,614,780
Total assigned	<u>19,028,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,028,777</u>
Unassigned						
Reserve for economic uncertainties	12,207,529	-	-	-	-	12,207,529
Remaining unassigned	6,147,214	-	-	-	-	6,147,214
Total unassigned	<u>18,354,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,354,743</u>
Total	<u>\$145,055,608</u>	<u>\$ 78,257,019</u>	<u>\$270,289,344</u>	<u>\$101,030,268</u>	<u>\$111,585,908</u>	<u>\$706,218,147</u>

Note 13 - Risk Management - Claims

Description

The District’s risk management activities for healthcare, property, liability, and workers’ compensation exposures are recorded in the Internal Services Funds. Significant losses are covered by excess insurance for all programs. The District is self-funded for medical and dental claims and purchases commercial insurance for specific medical losses above a certain level. The District is also self-funded for its property and liability program and any losses above the District’s member retained limit (Property: \$100,000 / Liability: \$250,000) are covered by excess property/liability insurance through a joint powers authority, Southern California Regional Liability Excess Funds (SCR). Refer to Note 16 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The following is a summary of the insurance policies carried by the District as of June 30, 2025:

Insurance Program Company Name	Type of Coverage	Limits
Workers' Compensation Program	Reinsurance	\$650,000 to California statutory limits
Southern California ReLiEF (SCR) - Property	Reinsurance	\$100,000 - \$500,250,000
Southern California ReLiEF (SCR) - Liability	Reinsurance	\$250,000 - \$75,000,000
Medical PPO	Reinsurance	\$250,000 to unlimited for each subscriber
Medical HMO	Reinsurance	\$225,000 to unlimited for each subscriber

Claims Liabilities

The District records an estimated liability for healthcare, workers' compensation and indemnity torts against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2023 to June 30, 2025:

	Health Care	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2023	\$ 1,982,000	\$ 7,680,987	\$ 75,000	\$ 9,737,987
Claims and changes in estimates	32,780,963	3,018,015	360,344	36,159,322
Claims payments	(32,525,963)	(2,198,584)	(360,344)	(35,084,891)
Liability Balance, June 30, 2024	2,237,000	8,500,418	75,000	10,812,418
Claims and changes in estimates	43,441,305	7,063,090	366,575	50,870,970
Claims payments	(42,629,305)	(4,879,243)	(366,575)	(47,875,123)
Liability Balance, June 30, 2025	\$ 3,049,000	\$ 10,684,265	\$ 75,000	\$ 13,808,265
Assets available to pay claims at June 30, 2025				\$ 70,604,719

The District administers the Workers' Compensation Program through the purchase of commercial insurance for occurrences in excess of \$500,000.

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2025, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 243,005,282	\$ 93,982,655	\$ 28,203,417	\$ 29,227,603
CalPERS	158,552,140	47,499,022	5,308,359	25,957,185
Total	\$ 401,557,422	\$ 141,481,677	\$ 33,511,776	\$ 55,184,788

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/forms-publications>.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$47,130,931.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 243,005,282
State's proportionate share of the net pension liability	111,491,659
Total	\$ 354,496,941

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.3618% and 0.3534%, respectively, resulting in a net increase in the proportionate share of 0.0084%.

For the year ended June 30, 2025, the District recognized pension expense of \$29,227,603. In addition, the District recognized pension expense and revenue of \$10,150,011 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 47,130,931	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	18,300,964	-
Differences between projected and actual earnings on pension plan investments	-	980,516
Differences between expected and actual experience in the measurement of the total pension liability	27,487,026	10,626,483
Changes of assumptions	1,063,734	16,596,418
Total	\$ 93,982,655	\$ 28,203,417

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (16,290,383)
2027	19,619,678
2028	(1,600,727)
2029	(2,709,084)
Total	\$ (980,516)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 4,367,791
2027	4,275,350
2028	2,635,329
2029	4,080,239
2030	4,498,764
Thereafter	(228,650)
Total	\$ 19,628,823

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our 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.

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

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

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 432,226,880
Current discount rate (7.10%)	243,005,282
1% increase (8.10%)	84,997,396

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

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

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

Contributions

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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$24,482,476.

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

As of June 30, 2025, the District reported a liability for its proportionate share of the CalPERS net pension liability totaling \$158,552,140. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.4436% and 0.4542%, respectively, resulting in a net decrease in the proportionate share of 0.0106%.

For the year ended June 30, 2025, the District recognized pension expense of \$25,957,185. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 24,482,476	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	60,894	4,173,607
Differences between projected and actual earnings on pension plan investments	6,158,835	-
Differences between expected and actual experience in the measurement of the total pension liability	13,292,279	1,134,752
Changes of assumptions	3,504,538	-
Total	\$ 47,499,022	\$ 5,308,359

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (53,092)
2027	9,575,589
2028	(1,414,912)
2029	(1,948,750)
Total	\$ 6,158,835

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 5,801,411
2027	3,506,678
2028	2,241,263
Total	\$ 11,549,352

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 235,530,528
Current discount rate (6.90%)	158,552,140
1% increase (7.90%)	94,961,865

Public Agency Retirement Services/Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$22,512,512 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2025, the District had approximately \$48.2 million in commitments with respect to the unfinished capital projects to be funded through general obligation bonds, community facilities district special tax bonds, and capital project apportionments from California Department of General Services.

Note 16 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Irvine Child Care Project (ICCP), the Coastline Regional Occupation Program (CROP), and the Southern California Regional Liability Excess Fund (SCR). The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

Note 17 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, the current and noncurrent portions of compensated absences were increased by \$22,731,813 and \$48,981,760, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the following table:

	<u>Government-Wide</u>
Net Position - Beginning, as previously reported on July 1, 2024	\$ 2,040,110,532
Change in accounting principle - adoption of GASB Statement No. 101	(71,713,573)
Net Position - Beginning, as restated on July 1, 2024	<u>\$ 1,968,396,959</u>

Required Supplementary Information
June 30, 2025

Irvine Unified School District

Irvine Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 436,727,404	\$ 443,684,550	\$ 443,684,550	\$ -
Federal sources	15,146,359	19,743,860	15,790,507	(3,953,353)
Other State sources	91,667,970	94,837,675	93,641,834	(1,195,841)
Other local sources	37,911,154	44,548,534	44,402,346	(146,188)
Total revenues	<u>581,452,887</u>	<u>602,814,619</u>	<u>597,519,237</u>	<u>(5,295,382)</u>
Expenditures				
Current				
Certificated salaries	251,329,574	249,752,479	252,842,003	(3,089,524)
Classified salaries	101,033,574	92,203,088	92,432,442	(229,354)
Employee benefits	147,773,655	146,637,958	146,067,733	570,225
Books and supplies	41,066,056	51,639,365	19,527,881	32,111,484
Services and operating expenditures	53,367,868	83,880,916	85,166,276	(1,285,360)
Other outgo	3,299,266	3,202,272	2,764,476	437,796
Capital outlay	484,873	2,981,753	2,975,923	5,830
Debt service				
Debt service - principal	-	-	4,107,451	(4,107,451)
Debt service - interest and other	-	-	110,910	(110,910)
Total expenditures	<u>598,354,866</u>	<u>630,297,831</u>	<u>605,995,095</u>	<u>24,302,736</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,901,979)</u>	<u>(27,483,212)</u>	<u>(8,475,858)</u>	<u>19,007,354</u>
Other Financing Sources (Uses)				
Transfers in	250,000	2,301,524	2,301,524	-
Other sources - proceeds from issuance of SBITAs	-	-	5,661,473	5,661,473
Transfers out	<u>(15,743,527)</u>	<u>(10,042,784)</u>	<u>(10,042,784)</u>	<u>-</u>
Net Financing Sources (Uses)	<u>(15,493,527)</u>	<u>(7,741,260)</u>	<u>(2,079,787)</u>	<u>5,661,473</u>
Net Change in Fund Balances	(32,395,506)	(35,224,472)	(10,555,645)	24,668,827
Fund Balance - Beginning	<u>155,611,253</u>	<u>155,611,253</u>	<u>155,611,253</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 123,215,747</u>	<u>\$ 120,386,781</u>	<u>\$ 145,055,608</u>	<u>\$ 24,668,827</u>

Irvine Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 3,586,600	\$ 2,752,600	\$ 3,527,600	\$ 3,764,800
Interest	1,676,500	1,344,800	778,900	1,224,700
Changes of benefit terms	-	-	-	(6,293,100)
Difference between expected and actual experience	-	6,541,900	-	(7,620,500)
Changes of assumptions	130,800	-	(4,857,900)	1,237,100
Benefit payments	<u>(2,240,000)</u>	<u>(2,167,600)</u>	<u>(2,118,800)</u>	<u>(2,361,000)</u>
Net change in total OPEB liability	3,153,900	8,471,700	(2,670,200)	(10,048,000)
Total OPEB Liability - Beginning	<u>44,042,700</u>	<u>35,571,000</u>	<u>38,241,200</u>	<u>48,289,200</u>
Total OPEB Liability - Ending	<u>\$ 47,196,600</u>	<u>\$ 44,042,700</u>	<u>\$ 35,571,000</u>	<u>\$ 38,241,200</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 3,319,600	\$ 3,089,700	\$ 2,196,079	\$ 3,063,400
Interest	1,427,500	1,452,000	1,381,800	1,315,500
Changes of benefit terms	-	(539,300)	-	-
Difference between expected and actual experience	-	1,163,100	-	-
Changes of assumptions	2,308,400	(538,600)	-	-
Benefit payments	<u>(2,068,900)</u>	<u>(2,535,000)</u>	<u>(1,509,279)</u>	<u>(2,579,900)</u>
Net change in total OPEB liability	4,986,600	2,091,900	2,068,600	1,799,000
Total OPEB Liability - Beginning	<u>43,302,600</u>	<u>41,210,700</u>	<u>39,142,100</u>	<u>37,343,100</u>
Total OPEB Liability - Ending	<u>\$ 48,289,200</u>	<u>\$ 43,302,600</u>	<u>\$ 41,210,700</u>	<u>\$ 39,142,100</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Irvine Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2025

Year ended June 30,	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Proportion of the net OPEB liability	0.5278%	0.5227%	0.5168%	0.5048%
Proportionate share of the net OPEB liability	\$ 1,406,884	\$ 1,586,080	\$ 1,702,278	\$ 2,013,275
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.5717%	0.5540%	0.5472%	0.5267%
Proportionate share of the net OPEB liability	\$ 2,422,583	\$ 2,062,947	\$ 2,094,680	\$ 2,215,849
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Irvine Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.3618%	0.3534%	0.3443%	0.3358%	0.3281%
Proportionate share of the net pension liability	\$ 243,005,282	\$ 269,143,123	\$ 239,258,671	\$ 152,812,973	\$ 317,932,796
State's proportionate share of the net pension liability	111,491,659	128,954,039	119,819,807	76,889,561	163,894,394
Total	<u>\$ 354,496,941</u>	<u>\$ 398,097,162</u>	<u>\$ 359,078,478</u>	<u>\$ 229,702,534</u>	<u>\$ 481,827,190</u>
Covered payroll	<u>\$ 240,561,602</u>	<u>\$ 218,085,576</u>	<u>\$ 203,646,152</u>	<u>\$ 184,274,929</u>	<u>\$ 179,477,871</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>101.02%</u>	<u>123.41%</u>	<u>117.49%</u>	<u>82.93%</u>	<u>177.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84%</u>	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.3131%	0.3049%	0.2909%	0.2857%	0.2840%
Proportionate share of the net pension liability	\$ 282,823,645	\$ 280,214,268	\$ 269,045,923	\$ 231,073,623	\$ 191,183,402
State's proportionate share of the net pension liability	154,299,180	160,435,774	159,165,295	131,546,092	101,114,944
Total	<u>\$ 437,122,825</u>	<u>\$ 440,650,042</u>	<u>\$ 428,211,218</u>	<u>\$ 362,619,715</u>	<u>\$ 292,298,346</u>
Covered payroll	<u>\$ 171,494,355</u>	<u>\$ 163,396,473</u>	<u>\$ 155,545,167</u>	<u>\$ 140,348,108</u>	<u>\$ 128,281,509</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>164.92%</u>	<u>171.49%</u>	<u>172.97%</u>	<u>164.64%</u>	<u>149.03%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Irvine Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.4436%	0.4542%	0.4651%	0.4711%	0.4624%
Proportionate share of the net pension liability	\$ 158,552,140	\$ 164,425,184	\$ 160,040,295	\$ 95,792,836	\$ 141,870,575
Covered payroll	\$ 87,599,007	\$ 78,800,903	\$ 71,224,644	\$ 67,689,208	\$ 66,540,956
Proportionate share of the net pension liability as a percentage of its covered payroll	181.00%	208.66%	224.70%	141.52%	213.21%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.4522%	0.4454%	0.4313%	0.4092%	0.3913%
Proportionate share of the net pension liability	\$ 131,801,247	\$ 118,761,369	\$ 102,965,515	\$ 80,811,529	\$ 57,679,362
Covered payroll	\$ 62,625,551	\$ 58,608,660	\$ 54,936,838	\$ 48,625,796	\$ 43,001,436
Proportionate share of the net pension liability as a percentage of its covered payroll	210.46%	202.63%	187.43%	166.19%	134.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Irvine Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 47,130,931	\$ 45,947,266	\$ 41,654,345	\$ 34,456,929	\$ 29,760,401
Less contributions in relation to the contractually required contribution	<u>47,130,931</u>	<u>45,947,266</u>	<u>41,654,345</u>	<u>34,456,929</u>	<u>29,760,401</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 246,758,801</u>	<u>\$ 240,561,602</u>	<u>\$ 218,085,576</u>	<u>\$ 203,646,152</u>	<u>\$ 184,274,929</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 30,690,716	\$ 27,919,281	\$ 23,578,111	\$ 19,567,582	\$ 15,059,352
Less contributions in relation to the contractually required contribution	<u>30,690,716</u>	<u>27,919,281</u>	<u>23,578,111</u>	<u>19,567,582</u>	<u>15,059,352</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 179,477,871</u>	<u>\$ 171,494,355</u>	<u>\$ 163,396,473</u>	<u>\$ 155,545,167</u>	<u>\$ 140,348,108</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

Irvine Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 24,482,476	\$ 23,371,415	\$ 19,991,789	\$ 16,317,566	\$ 14,011,666
Less contributions in relation to the contractually required contribution	<u>24,482,476</u>	<u>23,371,415</u>	<u>19,991,789</u>	<u>16,317,566</u>	<u>14,011,666</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 90,508,229</u>	<u>\$ 87,599,007</u>	<u>\$ 78,800,903</u>	<u>\$ 71,224,644</u>	<u>\$ 67,689,208</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 13,122,542	\$ 11,311,427	\$ 9,102,511	\$ 7,629,628	\$ 5,760,698
Less contributions in relation to the contractually required contribution	<u>13,122,542</u>	<u>11,311,427</u>	<u>9,102,511</u>	<u>7,629,628</u>	<u>5,760,698</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 66,540,956</u>	<u>\$ 62,625,551</u>	<u>\$ 58,608,660</u>	<u>\$ 54,936,838</u>	<u>\$ 48,625,796</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes of Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 3.75% to 4.00% since the previous valuation.

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

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

- *Changes of Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

Irvine Unified School District

Irvine Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 7,412,027
Preschool Grants, Part B Section 619	84.173	13430	139,978
Preschool Staff Development, Part B, Section 619	84.173A	13431	1,918
Capacity Building, Part B, Sec 611	84.027A	13693	5,165
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	458,303
Alternative Dispute Resolution, Part B, Sec 611	84.173A	13007	<u>15,157</u>
Subtotal Special Education Cluster (IDEA)			<u>8,032,548</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	5,071,979
Title II, Part A, Supporting Effective Instruction	84.367	14341	788,523
Title III, English Learner Student Program	84.365	14346	545,031
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	540,335
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	246,978
IDEA Early Intervention Grants	84.181	23761	28,621
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership Program	84.126A	10006	<u>683,211</u>
Total U.S. Department of Education			<u>15,937,226</u>
U.S. Department of Health and Human Services			
Passed through California Department of Education (CDE)			
Child Care and Development Fund (CCDF) Cluster			
COVID-19: ARP California State Preschool Program			
Rate Supplements	93.575	15641	<u>75,254</u>
Subtotal Child Care and Development Fund (CCDF) Cluster			<u>75,254</u>
Total U.S. Department of Health and Human Services			<u>75,254</u>
U.S. Department of Agriculture			
Passed through California Department of Education (CDE)			
Child Nutrition Cluster			
School Programs (NSL Sec 4)	10.555	13523	1,510,531
School Programs (NSL Sec 11)	10.555	13524	2,906,759
School Programs (School Breakfast Basic)	10.553	13525	1,914,906
School Programs (School Breakfast Needy)	10.553	13526	112,451
Supply Chain Assistance (SCA) Funds	10.555	15655	983,189
Commodities	10.555	13524	<u>931,521</u>
Subtotal Child Nutrition Cluster			<u>8,359,357</u>
Passed through California Department of Social Services			
Child Care Food Programs (CCFP) Claims - Centers and Family Day Care	10.558	13393	<u>18,342</u>
Total U.S. Department of Agriculture			<u>8,377,699</u>
Total Federal Financial Assistance			<u>\$ 24,390,179</u>

Irvine Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	10,378.75	10,401.25
Fourth through sixth	8,950.07	8,978.08
Seventh and eighth	5,866.30	5,877.46
Ninth through twelfth	11,218.12	11,169.80
Total Regular ADA	36,413.24	36,426.59
Extended Year Special Education		
Transitional kindergarten through third	16.48	16.48
Fourth through sixth	14.21	14.21
Seventh and eighth	5.84	5.84
Ninth through twelfth	18.02	18.02
Total Extended Year Special Education	54.55	54.55
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.96	2.19
Fourth through sixth	2.96	2.18
Seventh and eighth	2.96	2.18
Ninth through twelfth	29.27	34.46
Total Special Education, Nonpublic, Nonsectarian Schools	38.15	41.01
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.87	0.87
Fourth through sixth	0.87	0.87
Seventh and eighth	0.88	0.88
Ninth through twelfth	3.27	3.27
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	5.89	5.89
Total ADA	36,511.83	36,528.04

Irvine Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	36,000	-	36,000	180	-	180	180	-	180	Complied
Grades 1 - 3	50,400										
Grade 1		50,762	-	50,762	180	-	180	180	-	180	Complied
Grade 2		50,762	-	50,762	180	-	180	180	-	180	Complied
Grade 3		50,620	-	50,620	180	-	180	180	-	180	Complied
Grades 4 - 8	54,000										
Grade 4		56,192	-	56,192	180	-	180	180	-	180	Complied
Grade 5		56,192	-	56,192	180	-	180	180	-	180	Complied
Grade 6		56,192	-	56,192	180	-	180	180	-	180	Complied
Grade 7		56,055	-	56,055	180	-	180	180	-	180	Complied
Grade 8		56,055	-	56,055	180	-	180	180	-	180	Complied
Grades 9 - 12	64,800										
Grade 9		66,060	-	66,060	180	-	180	N/A	N/A	N/A	Complied
Grade 10		66,060	-	66,060	180	-	180	N/A	N/A	N/A	Complied
Grade 11		66,060	-	66,060	180	-	180	N/A	N/A	N/A	Complied
Grade 12		66,060	-	66,060	180	-	180	N/A	N/A	N/A	Complied

Irvine Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

Irvine Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ^{1,3}	2023 ^{1,3}
General Fund				
Revenues	\$ 612,792,136	\$ 597,519,237	\$ 595,402,623	\$ 590,952,028
Other sources and transfers in	<u>3,750,000</u>	<u>7,962,997</u>	<u>7,247,904</u>	<u>127,073</u>
Total revenues and other sources	<u>616,542,136</u>	<u>605,482,234</u>	<u>602,650,527</u>	<u>591,079,101</u>
Expenditures	621,922,171	605,995,095	578,765,677	506,903,552
Other uses and transfers out	<u>6,893,804</u>	<u>10,042,784</u>	<u>24,507,779</u>	<u>21,320,177</u>
Total expenditures and other uses	<u>628,815,975</u>	<u>616,037,879</u>	<u>603,273,456</u>	<u>528,223,729</u>
Increase/(Decrease) in Fund Balance	<u>(12,273,839)</u>	<u>(10,555,645)</u>	<u>(622,929)</u>	<u>62,855,372</u>
Ending Fund Balance	<u>\$ 132,781,769</u>	<u>\$ 145,055,608</u>	<u>\$ 155,611,253</u>	<u>\$ 156,234,182</u>
Available Reserves ²	<u>\$ 28,794,827</u>	<u>\$ 18,354,743</u>	<u>\$ 20,236,729</u>	<u>\$ 19,032,465</u>
Available Reserves as a Percentage of Total Outgo	<u>4.58%</u>	<u>2.98%</u>	<u>3.35%</u>	<u>3.60%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 810,087,412</u>	<u>\$ 770,673,565</u>	<u>\$ 667,220,874</u>
K-12 Average Daily Attendance at P-2	<u>36,854</u>	<u>36,512</u>	<u>36,244</u>	<u>34,951</u>

The General Fund balance has decreased by \$11,178,574 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$12,273,839 (8.46%). For a district this size, the state recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by \$142,866,538 over the past two years.

Average daily attendance has increased by 1,561 over the past two years. Additional growth of 342 ADA is anticipated during fiscal year 2025-2026.

¹ Financial information for 2026, 2024, and 2023 are included for analytical purposes only and has not been subjected to audit.

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

³ Amounts have not been restated for the effects of the implementation of GASB Statement No. 101.

Irvine Unified School District
Schedule of Charter Schools
Year Ended June 30, 2025

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Irvine Chinese Immersion Academy	2140	No

Irvine Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Assets					
Deposits and investments	\$ 4,354,484	\$ 425,173	\$ 2,861,415	\$ 31,964,977	\$ 1,807,744
Receivables	-	1,376	12,649	5,877,350	6,356
Due from other funds	-	-	-	1,215,810	-
Prepaid expenditures	-	7,247	-	2,350	-
Stores inventories	-	-	-	181,856	-
Total assets	<u>\$ 4,354,484</u>	<u>\$ 433,796</u>	<u>\$ 2,874,064</u>	<u>\$ 39,242,343</u>	<u>\$ 1,814,100</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 12,965	\$ 296,090	\$ 1,488,593	\$ 1,365,860
Due to other funds	-	15,340	51,796	269,915	-
Unearned revenue	-	-	482,924	537,040	-
Total liabilities	<u>-</u>	<u>28,305</u>	<u>830,810</u>	<u>2,295,548</u>	<u>1,365,860</u>
Fund Balances					
Nonspendable	-	7,247	-	184,206	-
Restricted	4,354,484	-	2,043,254	36,762,589	-
Committed	-	398,244	-	-	448,240
Total fund balances	<u>4,354,484</u>	<u>405,491</u>	<u>2,043,254</u>	<u>36,946,795</u>	<u>448,240</u>
Total liabilities and fund balances	<u>\$ 4,354,484</u>	<u>\$ 433,796</u>	<u>\$ 2,874,064</u>	<u>\$ 39,242,343</u>	<u>\$ 1,814,100</u>

Irvine Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 15,313,553	\$ 48,608,491	\$ 8,131,374	\$ 113,467,211
Receivables	51,045	161,060	62,666	6,172,502
Due from other funds	-	-	-	1,215,810
Prepaid expenditures	-	-	-	9,597
Stores inventories	-	-	-	181,856
Total assets	<u>\$ 15,364,598</u>	<u>\$ 48,769,551</u>	<u>\$ 8,194,040</u>	<u>\$ 121,046,976</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 92,028	\$ 3,163,672	\$ -	\$ 6,419,208
Due to other funds	1,651,228	33,617	-	2,021,896
Unearned revenue	-	-	-	1,019,964
Total liabilities	<u>1,743,256</u>	<u>3,197,289</u>	<u>-</u>	<u>9,461,068</u>
Fund Balances				
Nonspendable	-	-	-	191,453
Restricted	13,621,342	45,572,262	8,194,040	110,547,971
Committed	-	-	-	846,484
Total fund balances	<u>13,621,342</u>	<u>45,572,262</u>	<u>8,194,040</u>	<u>111,585,908</u>
Total liabilities and fund balances	<u>\$ 15,364,598</u>	<u>\$ 48,769,551</u>	<u>\$ 8,194,040</u>	<u>\$ 121,046,976</u>

Irvine Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Revenues					
Federal sources	\$ -	\$ -	\$ 18,342	\$ 7,376,168	\$ -
Other State sources	-	622,092	2,164,500	17,546,986	-
Other local sources	7,074,407	16,587	361,502	2,099,668	86,521
Total revenues	7,074,407	638,679	2,544,344	27,022,822	86,521
Expenditures					
Current					
Instruction	-	287,163	1,485,242	-	-
Instruction-related activities					
Supervision of instruction	-	-	175,825	-	-
School site administration	-	127,497	279,633	-	-
Pupil services					
Food services	-	-	-	16,718,038	-
Administration					
All other administration	-	15,334	48,733	263,803	-
Plant services	-	51,413	19,524	-	3,597,053
Ancillary services	6,285,481	-	-	-	-
Facility acquisition and construction	-	-	194,912	3,006,345	1,186,214
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	6,285,481	481,407	2,203,869	19,988,186	4,783,267
Excess (Deficiency) of Revenues Over Expenditures	788,926	157,272	340,475	7,034,636	(4,696,746)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	3,650,000
Transfers out	-	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-	3,650,000
Net Change in Fund Balances	788,926	157,272	340,475	7,034,636	(1,046,746)
Fund Balance - Beginning	3,565,558	248,219	1,702,779	29,912,159	1,494,986
Fund Balance - Ending	\$ 4,354,484	\$ 405,491	\$ 2,043,254	\$ 36,946,795	\$ 448,240

Irvine Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2025

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 7,394,510
Other State sources	-	-	39,309	-	20,372,887
Other local sources	5,353,883	2,612,729	10,690,075	4,517,950	32,813,322
Total revenues	5,353,883	2,612,729	10,729,384	4,517,950	60,580,719
Expenditures					
Current					
Instruction	-	-	-	-	1,772,405
Instruction-related activities					
Supervision of instruction	-	-	-	-	175,825
School site administration	-	-	-	-	407,130
Pupil services					
Food services	-	-	-	-	16,718,038
Administration					
All other administration	-	-	-	-	327,870
Plant services	399,003	709,715	-	-	4,776,708
Ancillary services	-	-	-	-	6,285,481
Facility acquisition and construction	2,469,403	12,132,096	-	-	18,988,970
Debt service					
Principal	-	-	4,000,000	2,250,000	6,250,000
Interest and other	-	-	8,143,988	2,267,950	10,411,938
Total expenditures	2,868,406	12,841,811	12,143,988	4,517,950	66,114,365
Excess (Deficiency) of Revenues Over Expenditures	2,485,477	(10,229,082)	(1,414,604)	-	(5,533,646)
Other Financing Sources (Uses)					
Transfers in	-	2,035,257	-	-	5,685,257
Transfers out	-	(2,967,847)	-	-	(2,967,847)
Net Financing Sources (Uses)	-	(932,590)	-	-	2,717,410
Net Change in Fund Balances	2,485,477	(11,161,672)	(1,414,604)	-	(2,816,236)
Fund Balance - Beginning	11,135,865	56,733,934	9,608,644	-	114,402,144
Fund Balance - Ending	<u>\$ 13,621,342</u>	<u>\$ 45,572,262</u>	<u>\$ 8,194,040</u>	<u>\$ -</u>	<u>\$ 111,585,908</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District did not report any commodities inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Supply Chain Assistance (SCA) funds, Basic Local Assistance Entitlement, Part B, Sec 611 funds, Title III, English Learner Student Program funds, and COVID-19: ARP California State Preschool Program - Rate Supplements funds have been recorded in prior periods as revenues and were expended in the current year.

Description	Federal Financial Assistance Listing	Amount
Total Federal Revenues reported on the financial statements		\$ 23,185,017
Supply Chain Assistance (SCA) Funds	10.555	983,189
Basic Local Assistance Entitlement, Part B, Section 611	84.027	80,125
Title III, English Learner Student Program	84.365	66,594
COVID-19: ARP California State Preschool Program - Rate Supplements	93.575	<u>75,254</u>
Total Federal Financial Assistance		<u>\$ 24,390,179</u>

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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

Other Information
June 30, 2025

Irvine Unified School District

ORGANIZATION

The Irvine Unified School District was unified on July 1, 1972, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates twenty-four elementary schools, four K-8 schools, six middle schools, five high schools, one continuation school, one virtual academy school, and one adult education center. The District is comprised of an area of approximately 62 square miles, located in Orange County. There were no boundary changes during the year.

BOARD OF EDUCATION

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Katie McEwen	President	2026
Jeff Kim	Clerk	2026
Lauren Brooks	Member	2028
Connie Stone	Member	2028
Cyril Yu	Member	2028

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Cassie Parham	District Superintendent
John Fogarty	Assistant Superintendent, Business Services/CFO
Brianne Ford	Assistant Superintendent, Information Technology
Eamonn O'Donovan	Assistant Superintendent, Human Resources
Stan Machesky	Assistant Superintendent, Education Services

Independent Auditor's Reports
June 30, 2025

Irvine Unified School District



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

To the Governing Board
Irvine Unified School District
Irvine, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Irvine 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 and have issued our report thereon dated January 9, 2026.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District on a separate letter dated January 9, 2026.

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 9, 2026



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

To the Governing Board
Irvine Unified School District
Irvine, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Irvine Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Ontario, California
January 9, 2026



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

To the Governing Board
Irvine Unified School District
Irvine, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 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:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No, See Below
Continuation Education	No, See Below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	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	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	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	N/A
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
 Charter Schools	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

We did not perform testing for Independent Study because average daily attendance reported did not exceed the thresholds required for testing.

We did not perform testing for Continuation Education because average daily attendance reported did not exceed the threshold for testing.

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 9, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

Irvine Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Special Education Cluster (IDEA) Title II, Part A, Supporting Effective Instruction	84.027, 84.027A, 84.173, 84.173A 84.367
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs:	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



To Management and the Governing Board
Irvine Unified School District
Irvine, California

In planning and performing our audit of the financial statements of Irvine Unified School District (the District) for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 9, 2026, on the government-wide financial statements of the District.

Associated Study Body (ASB)

Northwood High School

Observation:

Based on review of disbursement procedures, it was noted that two of seven disbursements did not contain the three required signatures to approve the transaction as required by Education Code section 48933(b).

- Education Code section 48933(b): “The funds shall be expended subject to such procedure as may be established by the student body organization subject to the approval of each of the following three persons, which shall be obtained each time before any of the funds may be expended: an employee or official of the school district designated by the governing board, the certificated employee who is the designated adviser of the particular student body organization, and a representative of the particular student body organization.”

Recommendation:

To ensure proper internal controls over ASB disbursements, we recommend the site should review Education Code section 48933(b) and the Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference. The manual explains that for an expenditure to be approved, there must be evidence of three signatures: an employee or official of the school district designated by the governing board, the certificated employee who is the designated adviser of the student body organization, and a representative of the student body organization.

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

We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, Governing Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Ontario, California
January 9, 2026