
**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
PHOENIX, ARIZONA**

**ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025**



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YEAR ENDED JUNE 30, 2025

Issued by:
Business and Finance Department

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Riverside Elementary School District No. 2
Phoenix, Arizona

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 Riverside Elementary School District No. 2 (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 present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Elementary School District No. 2, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's 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, pension schedules, and budgetary comparison information, as listed within the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Advisent Assurance, LLP

Mesa, Arizona
January 29, 2026

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2 MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

As management of the Riverside Elementary School District No. 2 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$61.4 million (net position). The District's total net position increased by \$6.4 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$61.4 million, an increase of \$30.7 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7.5 million, or 88% of total General Fund expenditures.
- The District's net capital assets increased \$6.0 million from ongoing construction projects at the school's facilities.
- The District's long-term liabilities increased \$30.8 million or 55% due to the issuance of school improvement bonds during the fiscal year of \$38.4 million (including premium), offset with scheduled debt service payments and changes within the net pension actuarial valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
MANGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are classified as governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Bond Building Fund, and Debt Service Fund the three of which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found as listed in the Table of Contents.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found as listed in the Table of Contents.

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District’s proportionate share of net pension liability and contributions to its cost-sharing pension plan on page 46.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Required Supplementary Information Other than MD&A (Continued)

Governments have the option of presenting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund budgetary comparison schedule as RSI other than the MD&A which can be found as listed in the Table of Contents. Notes to the RSI are presented after the budgetary comparison schedules on page 48.

Supplementary information

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found as listed in the Table of Contents.

Other Information

The statistical section includes selected financial, revenue, debt, and demographic information, generally presented on a multi-year basis. The statistical section can be found as listed in the Table of Contents.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61.4 million at the close of the most recent fiscal year.

A summary of the District's statement of net position is presented below:

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 72,611,692	\$ 40,165,049	\$ 32,446,643
Capital assets	86,041,941	80,062,470	5,979,471
Total Assets	158,653,633	120,227,519	38,426,114
DEFERRED OUTFLOWS			
	1,138,128	915,153	222,975
Total Assets and Deferred Outflows	159,791,761	121,142,672	38,649,089
LIABILITIES			
Current liabilities	10,834,740	9,093,465	1,741,275
Long-term liabilities	86,961,631	56,164,281	30,797,350
Total Liabilities	97,796,371	65,257,746	32,538,625
DEFERRED INFLOWS			
	589,279	888,109	(298,830)
Total Liabilities and Deferred Inflows	98,385,650	66,145,855	32,239,795
NET POSITION			
Net investment in capital assets	48,076,662	44,999,813	3,076,849
Restricted	6,440,989	4,424,977	2,016,012
Unrestricted	6,888,460	5,572,027	1,316,433
Total Net Position	\$ 61,406,111	\$ 54,996,817	\$ 6,409,294

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Government-Wide Financial Analysis (Continued)

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, vehicles, equipment and furniture), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District was able to report positive balances in all three categories of net position.

Overall, net position increased \$6.4 million or 12%. Key elements of this increase are indicated as follows:

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 604,354	\$ 607,692	\$ (3,338)
Operating grants and contributions	2,633,156	2,901,227	(268,071)
General revenues:			
Property taxes	17,670,241	15,139,389	2,530,852
Additional state aid	226,200	356,671	(130,471)
Interest and other	2,521,066	3,620,863	(1,099,797)
Total Revenues	23,655,017	22,625,842	1,029,175
EXPENSES			
Instruction	6,317,129	7,163,416	(846,287)
Support Services:			
Students and instructional staff	2,055,960	3,180,047	(1,124,087)
General and school administration	937,677	1,361,774	(424,097)
Business and other support services	1,682,876	2,060,925	(378,049)
Operation and maintenance of plant	1,982,115	2,026,686	(44,571)
Operation of noninstructional services	1,040,967	1,495,521	(454,554)
Student transportation	584,771	610,633	(25,862)
Interest on long-term debt	2,644,228	1,483,225	1,161,003
Total Expenses	17,245,723	19,382,227	(2,136,504)
Change in net position	6,409,294	3,243,615	3,165,679
Net Position - Beginning	54,996,817	51,753,202	3,243,615
Net Position - Ending	\$ 61,406,111	\$ 54,996,817	\$ 6,409,294

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 MANGEMENT’S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2025**

The District reported a decrease in charges for services but this decrease was not considered significant.

Operating grants and contributions decreased \$0.3 million (9%) due to decreases in federal funding related to COVID-19 initiatives.

The District experienced an increase in property tax revenue of \$2.5 million (17%) as a result of increases in property tax rates and related tax levies.

The decrease in additional state aid of \$0.1 million was due to changes in the State’s funding formula.

Interest and other revenue decreased \$1.1 million mainly due to a prior year settlement received from a vendor. This decrease was offset with an increase in interest earnings of \$0.8 million as a result of a larger cash balance held with the county treasurer.

The District incurred a 11% decrease in expenses in the current year. The District’s mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The decrease was mainly due to decreases in pension and OPEB expense, instructional aids, and tuition.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$61.4 million, an increase of \$30.7 million in comparison with the prior year. Approximately 12% of this total amount (\$7.5 million) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

Fund balances as of June 30, 2025, and the changes in fund balances from prior year are summarized below:

GOVERNMENTAL FUND	Balance	Increase (Decrease) From 2023-24
General Fund	\$ 7,534,828	\$ 564,899
Bond Building Fund	47,917,371	28,384,555
Debt Service Fund	2,517,936	1,785,882
Nonmajor Governmental Funds	3,466,491	4,068
Total Governmental Fund Balance	\$ 61,436,626	\$ 30,739,404

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
MANGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The General Fund continues to experience a positive net change in fund balance. For the fiscal year ended June 30, 2025 the General Fund had an increase in fund balance of \$0.6 million. This increase was mainly due to an increase in property tax revenue for operations and conservative spending practices.

The \$28.4 million increase in the Bond Building Fund was due to the issuance of school improvement bonds during the fiscal year of \$34.0 million and an issuance premium of \$4.4 million. This was offset with current year project expenditures of \$10.1 million.

The \$1.8 million increase in the Debt Service Fund was due to increases in property tax revenue as a result of increases in the tax rate and related tax levies.

The change in fund balance for the Nonmajor Governmental Funds was not considered significant.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$0.1 million. In Arizona, school districts build their original “adopted” budget based on a projection of the coming fiscal year’s 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The decrease was allocated among various line items, mostly out of support services – central services and into regular education – instruction and support services – instructional staff. Budgetary basis General Fund expenditures were \$1.7 million less than budget during the fiscal year. Budgetary basis expenditures were 18% under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$86.0 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles, furniture, and equipment. The net \$6.0 million increase in the District’s investment in capital assets for the current year is due to the issuance of school improvement bonds and the continued MIT expansion phases and other construction projects.

Major capital asset events during the current fiscal year included the following projects:

- MIT site improvements.
- MIT manufactured home.
- RTS cafeteria renovations.

Additional information on the District’s capital assets can be found in Note 5 of this report.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
MANGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Capital asset activity as of June 30, 2025 is summarized below:

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 6,200,114	\$ 6,200,114	\$ -
Construction in progress	11,320,741	6,876,571	4,444,170
Land improvements	21,838,050	21,190,280	647,770
Buildings & improvements	44,613,879	43,502,310	1,111,569
Vehicles, equipment, and furniture	2,069,157	2,293,195	(224,038)
Total Capital Assets	\$ 86,041,941	\$ 80,062,470	\$ 5,979,471

Long-Term Debt

At end of the current fiscal year, the District’s debt included bonds payable, compensated absences, and the net pension/OPEB liabilities. Compensated absences decreased \$0.1 million during the current year due to timing of annual leave payments. Bonds payable increased due to a new issuance of school improvement bonds, offset with scheduled payments on bonds and amortization of issuance premiums. The net pension liability decreased \$0.1 million due to factors as explained in Note 10 of this report.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
General obligation bonds	\$ 71,005,000	\$ 43,210,000	\$ 27,795,000
Unamortized premium	8,482,753	5,219,855	3,262,898
Compensated absences	696,100	823,989	(127,889)
Net pension liability	6,776,637	6,904,623	(127,986)
Net OPEB liability	1,141	5,814	(4,673)
Total Long-term Liabilities	\$ 86,961,631	\$ 56,164,281	\$ 30,797,350

The District’s general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15% of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10% of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$131.4 million and the Class B debt limit is \$87.6 million, which are more than the District’s total outstanding general obligation and Class B debt of \$85.7 million.

Further information on the District’s outstanding bonds can be found in Note 7.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Decreased budgeted operating costs was offset with inflationary factors and continue to affect the District's budget by limiting operational and instructional needs.
- The current fiscal year ended with a slight decrease in student enrollment compared to the prior year, from 782 to 750 in Average Daily Membership (ADM). The District estimates FY2026 to slightly decline as well.
- Continued spending of bond proceeds on capital improvements.

The above factors were considered in preparing the District's budget for the 2025-26 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Riverside Elementary School District No. 2, 1414 South 51st Avenue Phoenix, Arizona 85043. More information on the District can be found at resonline.org.

BASIC FINANCIAL STATEMENTS

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 71,781,835
Property taxes receivable	126,594
Intergovernmental receivable	211,798
Accounts receivable	191,767
Deposits	23,897
Inventory	18,339
Net OPEB asset	257,462
Capital assets, not depreciated	17,520,855
Capital assets, net of accumulated depreciation	<u>68,521,086</u>
Total Assets	<u>158,653,633</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,101,544
Deferred outflows related to OPEB - cost sharing plan	<u>36,584</u>
Total Deferred Outflows of Resources	<u>1,138,128</u>
LIABILITIES	
Accounts payable	2,114,091
Accrued wages and benefits	217,867
Retainage payable	414,969
Matured principal payable	6,235,000
Interest payable	1,852,813
Long-term liabilities:	
Due within one year	6,260,232
Due in more than one year	<u>80,701,399</u>
Total Liabilities	<u>97,796,371</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	491,356
Deferred inflows related to OPEB - cost sharing plan	<u>97,923</u>
Total Deferred Inflows of Resources	<u>589,279</u>
NET POSITION	
Net investment in capital assets	48,076,662
Restricted:	
Net OPEB asset	257,462
Teacher compensation and other qualified programs (A.R.S 15-977)	415,229
Instructional improvement programs	165,354
Federal and state instructional programs	547,787
Food service	314,850
Civic center	1,253,433
Community programs	3,474
Extracurricular activities	40,593
Student activities	3,452
Capital projects	882,216
Debt service	2,557,139
Unrestricted	<u>6,888,460</u>
Total Net Position	<u>\$ 61,406,111</u>

See accompanying Notes to the Basic Financial Statements

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Instruction	\$ 6,317,129	\$ 520,790	\$ 989,049	\$ -	\$ (4,807,290)
Support services:					
Students	860,342	2,068	171,908	-	(686,366)
Instructional staff	1,195,618	14,706	202,691	-	(978,221)
General administration	559,513	166	80,642	-	(478,705)
School administration	378,164	182	3,341	-	(374,641)
Business and other support services	1,682,876	554	17,639	-	(1,664,683)
Operation and maintenance of plant	1,982,115	52,400	27,390	-	(1,902,325)
Student transportation	584,771	207	8,367	-	(576,197)
Operation of noninstructional services	1,040,967	13,281	1,132,129	-	104,443
Interest on long-term debt	2,644,228	-	-	-	(2,644,228)
Total Governmental Activities	\$ 17,245,723	\$ 604,354	\$ 2,633,156	\$ -	\$ (14,008,213)
General revenues:					
Property taxes					17,670,241
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					226,200
Investment earnings					1,885,139
Other					635,927
Total general revenues					20,417,507
Change in net position					6,409,294
Net position - beginning					54,996,817
Net position - ending					\$ 61,406,111

See accompanying Notes to the Basic Financial Statements

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Bond Building Fund	Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 7,597,026	\$ 50,092,099	\$ 10,580,430	\$ 3,512,280	\$ 71,781,835
Receivables:					
Property taxes	62,072	-	64,522	-	126,594
Intergovernmental	34,017	-	-	177,781	211,798
Accounts receivable	102,329	-	-	89,438	191,767
Deposits	-	-	-	23,897	23,897
Inventory	18,339	-	-	-	18,339
Total Assets	\$ 7,813,783	\$ 50,092,099	\$ 10,644,952	\$ 3,803,396	\$ 72,354,230
LIABILITIES					
Accounts payable	\$ 181,889	\$ 1,739,951	\$ -	\$ 192,251	\$ 2,114,091
Accrued wages	53,405	19,808	-	144,654	217,867
Retainage payable	-	414,969	-	-	414,969
Bonds payable	-	-	6,235,000	-	6,235,000
Interest payable	-	-	1,852,813	-	1,852,813
Total Liabilities	235,294	2,174,728	8,087,813	336,905	10,834,740
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	43,661	-	39,203	-	82,864
FUND BALANCES					
Nonspendable	18,339	-	-	-	18,339
Restricted	-	47,917,371	2,517,936	3,466,491	53,901,798
Unassigned	7,516,489	-	-	-	7,516,489
Total Fund Balances	7,534,828	47,917,371	2,517,936	3,466,491	61,436,626
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,813,783	\$ 50,092,099	\$ 10,644,952	\$ 3,803,396	\$ 72,354,230

See accompanying Notes to the Basic Financial Statements

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance - Governmental Funds \$ 61,436,626

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 131,327,636	
Accumulated depreciation	<u>(45,285,695)</u>	86,041,941

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:

82,864

Net OPEB asset:

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB asset at the end of the period was:

257,462

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds	(71,005,000)	
Unamortized premiums	(8,482,753)	
Net pension liability	(6,776,637)	
Net OPEB liability	(1,141)	
Compensated absences	<u>(696,100)</u>	(86,961,631)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported:

Deferred outflows of resources relating to pensions:	1,101,544	
Deferred inflows of resources relating to pensions:	(491,356)	
Deferred outflows of resources relating to OPEB:	36,584	
Deferred inflows of resources relating to OPEB:	<u>(97,923)</u>	548,849

Total Net Position - Governmental Activities \$ 61,406,111

See accompanying Notes to the Basic Financial Statements

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	Bond Building Fund	Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 7,891,519	\$ -	\$ 9,836,044	\$ 10	\$ 17,727,573
Intergovernmental	226,200	-	-	2,602,736	2,828,936
Tuition	1,500	-	-	-	1,500
Food services sales	-	-	-	13,413	13,413
Auxiliary operations	2,362	-	-	6,250	8,612
Student activities	-	-	-	22,566	22,566
Contributions and donations	30,420	-	-	-	30,420
Investment earnings	222,350	-	1,536,668	126,121	1,885,139
Other	601,780	23,986	-	568,424	1,194,190
Total Revenues	8,976,131	23,986	11,372,712	3,339,520	23,712,349
EXPENDITURES					
Current					
Instruction	3,170,669	342,914	-	1,448,260	4,961,843
Support services:					
Students	679,770	-	-	173,410	853,180
Instructional staff	649,392	403,453	-	196,320	1,249,165
General administration	366,818	-	-	73,807	440,625
School administration	404,243	5,177	-	1,771	411,191
Business and other support services	1,228,368	522,363	-	12,348	1,763,079
Operations and maintenance of plant	1,468,451	121,921	-	70,497	1,660,869
Student transportation	453,393	-	-	6,270	459,663
Operations of noninstructional services	16,526	-	-	964,184	980,710
Debt service:					
Principal	-	-	6,235,000	-	6,235,000
Interest and fiscal charges	-	-	3,350,114	-	3,350,114
Bond issuance costs	-	426,984	2,150	-	429,134
Capital outlay:					
Facilities acquisition	120,090	8,244,103	-	245,675	8,609,868
Total Expenditures	8,557,720	10,066,915	9,587,264	3,192,542	31,404,441
Excess (Deficiency) of Revenues Over Expenditures	418,411	(10,042,929)	1,785,448	146,978	(7,692,092)
Other Financing Sources (Uses)					
Transfers in	142,910	-	-	-	142,910
Transfers out	-	-	-	(142,910)	(142,910)
General obligation bonds issued	-	34,030,000	-	-	34,030,000
Premium on general obligation bonds	-	4,397,484	434	-	4,397,918
Net Financing Sources (Uses)	142,910	38,427,484	434	(142,910)	38,427,918
NET CHANGE IN FUND BALANCE	561,321	28,384,555	1,785,882	4,068	30,735,826
Fund Balance - Beginning	6,969,929	19,532,816	732,054	3,462,423	30,697,222
Increase in inventories	3,578	-	-	-	3,578
Fund Balance - Ending	\$ 7,534,828	\$ 47,917,371	\$ 2,517,936	\$ 3,466,491	\$ 61,436,626

See accompanying Notes to the Basic Financial Statements

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ 30,735,826

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital outlay:	\$ 10,204,256	
Depreciation expense:	<u>(4,224,785)</u>	5,979,471

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Property taxes	(57,332)
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB.

Pension contributions	723,278
Pension expense	(86,626)
OPEB ASRS contributions	12,291
OPEB ASRS expense	28,817

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Issuance of long-term debt	(34,030,000)
Premium on issuance of long-term debt	(4,397,918)
Principal payment on school improvement bonds	6,235,000
Amortization of deferred bond items	1,135,020

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net decrease (increase) in compensated absences	127,889
Change in inventories balances	<u>3,578</u>

Change in Net Position of Governmental Activities	<u>\$ 6,409,294</u>
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See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Riverside Elementary School District No. 2 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

Reporting Entity

The District is a special-purpose government that a separately elected governing body governs. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

Major Governmental Funds

The *General Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. For budget purposes, it is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education programs, special education programs, pupil transportation, and K-3 reading program.

Within the governmental fund financial statements, the General Fund includes the following individual funds: Maintenance and Operations (001), Medicaid (290), School Plant (506), Gifts and Donations (530), Insurance Proceeds (550), Indirect Cost (570), Unemployment Insurance (575), Unrestricted Capital Outlay (610), and Enterprise Funds (900's).

The *Bond Building Fund* accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

The *Debt Service Fund* accounts for resources accumulated and used for the payment of long-term debt principal, interest and related costs.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Debt Service and Bond Building Funds, which are invested separately. As required by statute, interest earned by the Bond Building Fund is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer’s investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholding accounts for taxes, employee insurance programs, and federal savings bonds. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

The State Board of Investments provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares. No comparable oversight is provided for the County Treasurer’s investment pool, and that pool’s structure does not provide for shares.

Property Taxes Receivables

The Maricopa County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The District does not report a reserve for uncollectible property taxes as they are considered 100 percent collectible due to the County attaching a lien against all amounts past due as noted above.

Intergovernmental Receivable

Intergovernmental receivables are comprised of federal grants (\$149,309) and state grants (\$62,489).

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Inventories

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed and inventories of governmental activities are recorded as expense when consumed.

Short-Term Interfund Receivables and Payables

During the course of operations, individual funds within the District’s pooled cash accounts may borrow money from other funds within the pool on a short-term basis. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

Deposits

Deposits in the amount of \$23,897 represents cash deposits with Mohave Educational Services in the food service cooperative.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Land improvements	5-50 years
Building and improvements	5-50 years
Vehicles, equipment, furniture	5-15 years

Deferred Outflows of Resources and Deferred Inflows of Resources

The deferred outflows of resources reported in the government-wide financial statements represent the reacquisition costs related to the refunding of bonded debt. The reacquisition costs are amortized and expensed over the lesser of the maturity of the refunded bonds or the refunding bonds. Deferred outflows related to the pension and OPEB represent a consumption of net assets that applies to future periods.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2025, or within 60 days of fiscal year end. The deferred inflows of resources represent a reconciling item between the governmental fund and the government-wide financial statements. Deferred inflows related to the pension and OPEB represent an acquisition of net assets that applies to future periods.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Pensions Plans and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS or by actuaries for the District single employer OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In the government-wide financial statements, net position is reported in three categories: investment in capital assets; restricted net position; and unrestricted net position. The investment in capital assets is separately reported because the District's capital assets make up a significant portion of total net position. Restricted net position account for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Fund Balance

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the District Governing Board can remove or change the constraints placed on committed fund balances through formal board action at a public meeting. Fund balances must be committed prior to fiscal year-end. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District's Governing Board has not authorized any management officials to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

The District has not adopted a spending priority policy. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, in accordance with GASB 54, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District follows the spending policy described in GASB 54 to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Fund Balance (Continued)

The District has classified its fund balances as follows:

	General Fund	Bond Building Fund	Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental Activities
Nonspendable					
Inventory	\$ 18,339	\$ -	\$ -	\$ -	\$ 18,339
Restricted					
Teacher compensation and other qualified programs (A.R.S. 15-977)	-	-	-	415,229	415,229
Instructional improvement programs	-	-	-	165,354	165,354
Federal and state instructional programs	-	-	-	547,787	547,787
Food service	-	-	-	314,850	314,850
Civic center	-	-	-	1,253,433	1,253,433
Community programs	-	-	-	3,474	3,474
Extracurricular activities	-	-	-	40,593	40,593
Student activities	-	-	-	3,452	3,452
Capital projects	-	47,917,371	-	722,319	48,639,690
Debt service	-	-	2,517,936	-	2,517,936
Total restricted	-	47,917,371	2,517,936	3,466,491	53,901,798
Unassigned	7,516,489	-	-	-	7,516,489
Total	\$ 7,534,828	\$ 47,917,371	\$ 2,517,936	\$ 3,466,491	\$ 61,436,626

Change in Accounting Principle

During the fiscal year ended June 30, 2025, the Town adopted two new accounting standard issued by the Governmental Accounting Standards Board (GASB) as follows:

GASB Statement No. 101, *Compensated Absences*, updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The impact to the current year financial statements as a result of adopting this standard was not significant.

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. There was no impact to the current year financial statements as a result of adopting this standard.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures (See Notes to Required Supplementary Information for exceptions). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within four subsections (see preceding description of General Fund), any of which may be over-expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund’s total budget.

At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions. An annual budget of revenue from all sources for the fiscal year is not prepared.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits:		
Cash in bank	\$	232,591
Investments:		
Cash on deposit with county treasurer		<u>71,549,119</u>
Total deposits and investments	\$	<u>71,781,835</u>

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$232,591 of cash on deposit with a local financial institution and a bank balance of \$237,035 at June 30, 2025. The District does not have a formal policy regarding custodial credit risk. However, the entire bank balance was insured by federal depository insurance.

Investments

At June 30, 2025, the District’s investments were reported at fair value. The District’s investments consisted of only cash on deposit with the County Treasurer.

Custodial Credit Risk – The District’s investment in the County Treasurer’s investment pools represents a proportionate interest in those pools’ portfolios; however, the District’s portion is not identified with any specific investment and is not subject to custodial credit risk.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk – The District does not have a formal investment policy regarding interest rate risk; however, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

Credit Risk – The District does not have a formal investment policy regarding credit risk. However, the District is prohibited by state law from investing in investments other than State and County Treasurer’s investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

NOTE 4 – UNAVAILABLE REVENUES

Property taxes are recognized as revenues in the fiscal year levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received but not yet earned. The District did not record any unearned revenue as of June 30, 2025.

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General Fund	\$ 43,661
Debt Service Fund	39,203
Total	<u>\$ 82,864</u>

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Capital assets not being depreciated				
Land	\$ 6,200,114	\$ -	\$ -	\$ 6,200,114
Construction in progress	6,876,571	9,042,277	(4,598,107)	11,320,741
Total capital assets not being depreciated	<u>13,076,685</u>	<u>9,042,277</u>	<u>(4,598,107)</u>	<u>17,520,855</u>
Capital assets being depreciated				
Land improvements	27,312,723	2,005,437	-	29,318,160
Buildings and improvements	69,404,200	3,488,299	-	72,892,499
Vehicles, equipment, and furniture	11,338,131	266,350	(8,359)	11,596,122
Total capital assets being depreciated	<u>108,055,054</u>	<u>5,760,086</u>	<u>(8,359)</u>	<u>113,806,781</u>
Less accumulated depreciation				
Land improvements	(6,122,443)	(1,357,667)	-	(7,480,110)
Buildings and improvements	(25,901,890)	(2,376,730)	-	(28,278,620)
Vehicles, equipment, and furniture	(9,044,936)	(490,388)	8,359	(9,526,965)
Total accumulated depreciation	<u>(41,069,269)</u>	<u>(4,224,785)</u>	<u>8,359</u>	<u>(45,285,695)</u>
Total capital assets, being depreciated, net	<u>66,985,785</u>	<u>1,535,301</u>	<u>-</u>	<u>68,521,086</u>
Governmental activities capital assets, net	<u>\$ 80,062,470</u>	<u>\$ 10,577,578</u>	<u>\$ (4,598,107)</u>	<u>\$ 86,041,941</u>

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 1,645,919
Support Services:	
Students	32,308
General Administration	283,504
Operations and Maintenance of Plant	1,918,169
Student Transportation	149,997
Operation of Noninstructional Services	194,888
	<u>\$ 4,224,785</u>

As of June 30, 2025, the District reported the following construction commitments:

Project	Governmental activities	
	Spent-to-date	Estimated remaining
Maricopa Institute of Tech improvements	\$ 10,973,245	\$ 33,190,331
Riverside Traditional School improvements	292,496	-
Miscellaneous projects	55,000	-
Total	<u>\$ 11,320,741</u>	<u>\$ 33,190,331</u>

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>
General fund	Nonmajor Governmental Funds
	<u>\$ 142,910</u>

Transfers were made to record indirect costs transferred to the indirect cost pool for various federal grants.

NOTE 7 – LONG-TERM OBLIGATIONS

General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$131.4 million, and the available margin is \$45.6 million.

As of June 30, 2025, the current outstanding bonds are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Balance</u>
Governmental Activities:				
School Improvement Bonds Project of 2011, Series C (2013) Refunding Bonds, Series 2011	2.5% - 4.5%	7/1/26 - 27	\$ 4,035,000	\$ 2,335,000
Refunding Bonds, Series 2017 (2020 Crossover)	5.75%	7/1/30	520,000	520,000
School Improvement Bonds Project of 2014, Series E (2020)	4.00% - 5.00%	7/1/26 - 29	2,720,000	2,215,000
School Improvement Bonds Project of 2020 Series E (2022)	3.00% - 4.00%	7/1/26 - 32	10,550,000	10,550,000
School Improvement Bonds Project of 2020, Series B (2024)	5.00%	7/1/26 - 35	22,395,000	21,680,000
	3.00% - 5.00%	7/1/26 - 39	<u>34,030,000</u>	<u>33,705,000</u>
			<u>\$ 77,240,000</u>	<u>\$ 71,005,000</u>

Annual debt service requirement to maturity on general obligation bonds at year end are summarized as follows:

<u>Year ended, June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,155,000	\$ 3,415,225
2027	6,090,000	3,135,300
2028	6,275,000	2,856,450
2029	6,540,000	2,558,650
2030	5,260,000	2,247,400
2031-2035	26,265,000	7,638,800
2036-2039	<u>14,420,000</u>	<u>1,950,000</u>
Total	<u>\$ 71,005,000</u>	<u>\$ 23,801,825</u>

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Changes in long-term liabilities for the year ended June 30, 2025 are summarized as follows:

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
General obligation bonds	\$ 43,210,000	\$ 34,030,000	\$ (6,235,000)	\$ 71,005,000	\$ 6,155,000
Unamortized premium	5,219,855	4,397,918	(1,135,020)	8,482,753	-
Compensated absences	823,989	-	(127,889)	696,100	105,232
Net pension liability	6,904,623	-	(127,986)	6,776,637	-
Net OPEB liability	5,814	-	(4,673)	1,141	-
Total	<u>\$ 56,164,281</u>	<u>\$ 38,427,918</u>	<u>\$ (7,630,568)</u>	<u>\$ 86,961,631</u>	<u>\$ 6,260,232</u>

The net pension liability and the net OPEB liabilities will be liquidated primarily from the General Fund. The change in compensated absences above is a net change for the fiscal year.

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District continues to carry commercial insurance for other risks of loss, including employee dental and life insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any to be immaterial.

Litigation - Each year the District receives notices of claims for damages occurring generally from negligence, bodily injury, breach of contract, and other legal matters. The filing of such claims commences a statutory period for initiating a lawsuit against the District arising therefrom. The District has comprehensive general liability insurance with the ASRRT. The District is not aware of any litigation that might result in a materially adverse outcome.

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RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Cost Sharing Pension Plan

As of June 30, 2025, the District reported the following liabilities(assets) related to its cost-sharing pension/OPEB plan to which it contributes:

	Cost-sharing pension plan	Cost-sharing OPEB plan	Total
Net assets	\$ -	\$ 257,462	\$ 257,462
Net pension liability	6,776,637	1,141	6,777,778
Deferred outflows of resources	1,101,544	36,584	1,138,128
Deferred inflows of resources	491,356	97,923	589,279
Pension expense	86,626	(28,817)	57,809

Arizona State Retirement System

Plan Description

District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost-sharing, multiple-employer defined benefit long- term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2, and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and	Sum of years and age equals 80	30 years, age 55
age required to	10 years, age 62	25 years, age 60
receive benefit	5 years, age 50*	10 years, age 62
	Any years, age 65	5 years, age 50*
		Any years, age 65
Final average salary	Highest 36 consecutive months	Highest 60 consecutive months
is based on	of last 120 months	of last 120 months
Benefit percent per	2.1% to 2.3%	2.1% to 2.3%
year of service		

**With actuarially reduced benefits.*

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Arizona State Retirement System (Continued)

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long-term disability) of the active members’ annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, were \$723,278, \$4,202, and \$8,089, respectively.

During the fiscal year ended June 30, 2025, the District paid for ASRS pension as follows: 64% from the General Fund, 13% from the Bond Building Fund, and 23% from Nonmajor Governmental Funds.

Pension Liability

As of June 30, 2025, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

	Net pension/OPEB <u>(asset)/liability</u>
Pension	\$ 6,776,637
Health insurance premium benefit	(257,462)
Long-term disability	<u>1,141</u>
Total Pension/OPEB Liability (asset):	<u>\$ 6,520,316</u>

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Arizona State Retirement System (Continued)

The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The District’s proportion of the net asset or net liability was based on the District’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

	District % Proportion June 30, 2024	Increase (Decrease) from June 30, 2023
Pension	0.04235%	-0.00032%
Health insurance premium benefit	0.04261%	-0.00076%
Long-term disability	0.04376%	-0.00061%

Pension Expense

For the year ended June 30, 2025, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 86,626
Health insurance premium benefit	(33,923)
Long-term disability	5,106
Total Pension/OPEB Expense:	<u>\$ 597,802</u>

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources

As of 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		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 378,266	\$ 7,451	\$ 4,194
Changes of assumptions or other inputs	-	-	825
Changes in proportion and differences between contributions and proportionate share of contributions	-	9,181	2,642
Contributions subsequent to the measurement date	723,278	4,202	8,089
Total	<u>\$ 1,101,544</u>	<u>\$ 20,834</u>	<u>\$ 15,750</u>

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 62,167	\$ 3,038
Changes of assumptions or other inputs	-	2,671	6,829
Net difference between projected and actual earnings on pension plan investments	432,762	17,698	1,246
Changes in proportion and differences between contributions and proportionate share of contributions	58,594	693	3,581
Total	<u>\$ 491,356</u>	<u>\$ 83,229</u>	<u>\$ 14,694</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as noted below.

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2026	\$ (239,041)	\$ (44,882)	\$ (2,038)
2027	314,914	(7,721)	(226)
2028	(109,546)	(9,027)	(1,782)
2029	(79,417)	(4,261)	(1,933)
2030	-	(706)	(1,134)
Thereafter	-	-	80
Total	<u>\$ (612,135)</u>	<u>\$ (83,611)</u>	<u>\$ (6,304)</u>

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Arizona State Retirement System (Continued)

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension/OPEB liabilities and assets are as follows:

	Pensions	Health Insurance Premium Benefit	Long-Term Disability
Actuarial valuation date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial roll forward date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	2.9-8.4%	Not applicable	Not applicable
Inflation rate	2.3%	2.3%	2.3%
Permanent base increases	Included	Not applicable	Not applicable
Mortality rates	2017 SRA Scale U-MP	2017 SRA Scale U-MP	Not applicable
Recovery rates	Not applicable	Not applicable	2012 GLDT

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.00% 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.05%
Private equity	10%	6.11%
Interest rate sensitive	6%	-0.45%
Total	100%	

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Arizona State Retirement System (Continued)

Discount Rate

On June 30, 2024, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension/OPEB (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	<u>Proportionate share of the net liability (asset)</u>		
	Current		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Pension	\$ 10,376,418	\$ 6,776,637	\$ 3,776,535
Health insurance premium benefit	(187,173)	(257,462)	(317,221)
Long-term disability	3,925	1,141	(1,598)

Pension Plan Fiduciary Net Position

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

Contributions payable

The District’s accrued payroll and employee benefits included \$37,080 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND
CONTRIBUTIONS
COST SHARING PENSION PLAN
JUNE 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Proportion of the net pension liability	0.04235%	0.04267%	0.04319%	0.05304%	0.04770%	0.04230%	0.05000%	0.05000%	0.04000%	0.04000%
Proportionate share of the net pension liability	\$ 6,776,637	\$ 6,904,623	\$ 7,049,567	\$ 6,969,220	\$ 8,264,750	\$ 6,153,687	\$ 6,264,759	\$ 7,240,678	\$ 7,641,154	\$ 6,893,085
Covered payroll	\$ 6,358,354	\$ 5,823,923	\$ 5,345,878	\$ 5,899,510	\$ 5,215,135	\$ 4,456,825	\$ 4,607,505	\$ 4,630,204	\$ 4,369,005	\$ 4,087,851
Proportionate share of the net pension liability as a percentage of its covered payroll	106.58%	129.16%	131.87%	118.13%	158.48%	138.07%	135.97%	156.38%	174.89%	168.62%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 723,278	\$ 713,589	\$ 663,890	\$ 636,218	\$ 694,643	\$ 597,133	\$ 498,273	\$ 502,218	\$ 499,136	\$ 474,037
Contributions in relation to the actuarially determined contribution	723,278	713,589	663,890	636,218	694,643	597,133	498,273	502,218	499,136	474,037
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,291,199	\$ 6,358,354	\$ 5,823,923	\$ 5,345,878	\$ 5,899,510	\$ 5,215,135	\$ 4,456,825	\$ 4,607,505	\$ 4,630,204	\$ 4,369,005
Contributions as a percentage of covered payroll	11.50%	11.22%	11.40%	11.90%	11.77%	11.45%	11.18%	10.90%	10.78%	10.85%

See accompanying Notes to Required Supplementary Information

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variances -
	Original	Final	Budgetary Basis	Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ 7,294,731	\$ 7,294,731
Intergovernmental	-	-	226,200	226,200
Tuition	-	-	1,500	1,500
Investment earnings	-	-	133,288	133,288
Other	-	-	3,226	3,226
Total Revenues	-	-	7,658,945	7,658,945
EXPENDITURES				
Regular education:				
Instruction	2,088,166	2,195,295	1,969,896	225,399
Support services - students	389,595	412,507	306,117	106,390
Support services - instructional staff	515,395	591,913	433,029	158,884
Support services - general administration	550,174	501,851	333,318	168,533
Support services - school administration	643,043	582,453	383,164	199,289
Support services - central services	1,580,440	1,411,729	1,073,550	338,179
Operations and maintenance of plant	1,278,014	1,219,878	1,093,401	126,477
School sponsored athletics	26,893	26,993	21,431	5,562
Total regular education	7,071,720	6,942,619	5,613,906	1,328,713
Special education:				
Instruction	1,000,167	944,066	862,229	81,837
Support services - students	320,717	419,694	336,223	83,471
Support services - instructional staff	190,145	196,370	192,086	4,284
Support services - general administration	603	603	-	603
Support services - central services	282	815	784	31
Total special education	1,511,914	1,561,548	1,391,322	170,226
Pupil transportation:				
Student transportation services	661,698	603,077	424,026	179,051
K-3 reading program:				
Instruction	52,704	47,450	47,450	-
Total Expenditures	9,298,036	9,154,694	7,476,704	1,677,990
Excess (Deficiency) of Revenues Over Expenditures	(9,298,036)	(9,154,694)	182,241	9,336,935
Other Financing Sources (Uses):				
Change in Inventories	-	-	3,578	3,578
Net Financing Sources (Uses)	-	-	3,578	3,578
NET CHANGE IN FUND BALANCE	(9,298,036)	(9,154,694)	185,819	9,340,513
Fund Balance - Beginning	-	-	4,283,254	4,283,254
Fund Balance - Ending	\$ (9,298,036)	\$ (9,154,694)	\$ 4,469,073	\$ 13,623,767

See accompanying Notes to Required Supplementary Information

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2025**

NOTE 1 – OPEB INFORMATION

Information related to the OPEB liability and asset were not presented in within the RSI as the amounts were not significant to the financial statements.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District’s adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exception:

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District’s Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget and other District funds reported within the General Fund do not have a legally adopted budget and are cash controlled funds.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District’s Maintenance and Operation Fund for budgetary purposes.

	General Fund				
	Total	Total	Other Financing Sources and Uses	Fund balance beginning of year	Fund balance end of year
	Revenues	Expenditures			
Statement of revenues, expenditures and changes in fund balance	\$ 8,976,131	\$ 8,557,720	\$ 146,488	\$ 6,969,929	\$ 7,534,828
Non-maintenance and operation activity included in the General Fund	(1,317,186)	(1,081,016)	(142,910)	(2,686,675)	(3,065,755)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	<u>\$ 7,658,945</u>	<u>\$ 7,476,704</u>	<u>\$ 3,578</u>	<u>\$ 4,283,254</u>	<u>\$ 4,469,073</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2025

SPECIAL REVENUE FUNDS

Classroom Site Fund – accounts for the revenues and expenditures of State apportioned educational sales tax monies.

Instructional Improvement Fund - accounts for revenues and expenditures for State apportioned Indian Gaming monies.

Special Projects Fund - accounts for revenues and expenditures of federal and state grants.

Other Special Revenue Fund - accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, fingerprinting, textbooks, grants and gifts to teachers, and student activities.

Food Service Fund - accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions.

CAPITAL PROJECTS FUNDS

Adjacent Ways Fund - accounts for monies received to finance such improvements as public streets or alleys adjacent to school property.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025**

	Special Revenue Funds					Capital Project Funds	Total Non-Major Governmental Funds
	Classroom Site Fund	Instructional Improvement Fund	Special Projects Fund	Other Special Revenue Fund	Food Service Fund	Adjacent Ways Fund	
ASSETS							
Cash and investments	\$ 559,736	\$ 136,882	\$ 422,053	\$ 1,211,514	\$ 280,071	\$ 902,024	\$ 3,512,280
Receivables:							
Intergovernmental	-	28,472	138,092	-	11,217	-	177,781
Accounts receivable	-	-	-	89,438	-	-	89,438
Deposits	-	-	-	-	23,897	-	23,897
Total Assets	\$ 559,736	\$ 165,354	\$ 560,145	\$ 1,300,952	\$ 315,185	\$ 902,024	\$ 3,803,396
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 12,211	\$ -	\$ 335	\$ 179,705	\$ 192,251
Accrued wages	144,507	-	147	-	-	-	144,654
Total Liabilities	144,507	-	12,358	-	335	179,705	336,905
FUND BALANCES							
Restricted	415,229	165,354	547,787	1,300,952	314,850	722,319	3,466,491
Total Fund Balances	415,229	165,354	547,787	1,300,952	314,850	722,319	3,466,491
Total Liabilities and Fund Balances	\$ 559,736	\$ 165,354	\$ 560,145	\$ 1,300,952	\$ 315,185	\$ 902,024	\$ 3,803,396

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds					Capital Project Funds	Total Non-Major Governmental Funds
	Classroom Site Fund	Instructional Improvement Fund	Special Projects Fund	Other Special Revenue Fund	Food Service Fund	Adjacent Ways Fund	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10
Intergovernmental	716,078	59,733	680,374	-	1,146,551	-	2,602,736
Food services sales	-	-	-	-	13,413	-	13,413
Auxiliary operations	-	-	-	6,250	-	-	6,250
Student activities	-	-	-	22,566	-	-	22,566
Investment earnings	17,575	3,812	24,319	41,176	7,536	31,703	126,121
Other	-	-	-	558,263	10,161	-	568,424
Total Revenues	733,653	63,545	704,693	628,255	1,177,661	31,713	3,339,520
EXPENDITURES							
Current							
Instruction	601,848	12,349	318,647	515,416	-	-	1,448,260
Support services:							
Students	138,897	-	32,765	1,748	-	-	173,410
Instructional staff	-	1,453	180,563	14,304	-	-	196,320
General administration	-	-	73,807	-	-	-	73,807
School administration	-	-	1,771	-	-	-	1,771
Business and other support services	-	-	12,348	-	-	-	12,348
Operations and maintenance of plant	-	-	5,383	51,154	13,960	-	70,497
Student transportation	-	-	6,120	-	150	-	6,270
Operations of noninstructional services	-	-	1,537	-	962,647	-	964,184
Capital outlay:							
Facilities acquisition	-	-	-	-	-	245,675	245,675
Total Expenditures	740,745	13,802	632,941	582,622	976,757	245,675	3,192,542
Excess (Deficiency) of Revenues Over Expenditures	(7,092)	49,743	71,752	45,633	200,904	(213,962)	146,978
Other Financing Sources (Uses)							
Transfers out	-	-	(35,033)	-	(107,877)	-	(142,910)
NET CHANGE IN FUND BALANCE	(7,092)	49,743	36,719	45,633	93,027	(213,962)	4,068
Fund Balance - Beginning	422,321	115,611	511,068	1,255,319	221,823	936,281	3,462,423
Fund Balance - Ending	\$ 415,229	\$ 165,354	\$ 547,787	\$ 1,300,952	\$ 314,850	\$ 722,319	\$ 3,466,491

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
CLASSROOM SITE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances -</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 716,078	\$ 716,078
Investment earnings	-	-	17,575	17,575
Total Revenues	-	-	733,653	733,653
EXPENDITURES				
Regular education:				
Instruction	868,986	869,253	531,030	338,223
Support services - students	15,546	15,551	9,500	6,051
Total regular education	884,532	884,804	540,530	344,274
Special education:				
Instruction	115,888	115,923	70,818	45,105
Support services - students	211,748	211,812	129,397	82,415
Total special education	327,636	327,735	200,215	127,520
Total Expenditures	1,212,168	1,212,539	740,745	471,794
Excess (Deficiency) of Revenues Over Expenditures	(1,212,168)	(1,212,539)	(7,092)	1,205,447
Fund Balance - Beginning	-	-	422,321	422,321
Fund Balance - Ending	\$ (1,212,168)	\$ (1,212,539)	\$ 415,229	\$ 1,627,768

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 INSTRUCTIONAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances -</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 59,733	\$ 59,733
Investment earnings	-	-	3,812	3,812
Total Revenues	-	-	63,545	63,545
EXPENDITURES				
Regular education:				
Instruction	84,076	140,369	12,349	128,020
Support services - instructional staff	9,893	16,516	1,453	15,063
Total Expenditures	93,969	156,885	13,802	143,083
Excess (Deficiency) of Revenues Over Expenditures	(93,969)	(156,885)	49,743	206,628
Fund Balance - Beginning	-	-	115,611	115,611
Fund Balance - Ending	\$ (93,969)	\$ (156,885)	\$ 165,354	\$ 322,239

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 680,374	\$ 680,374
Investment earnings	-	-	24,319	24,319
Total Revenues	-	-	704,693	704,693
EXPENDITURES				
Regular education:				
Instruction	255,464	265,486	125,594	139,892
Support services - students	59,213	61,536	29,111	32,425
Support services - instructional staff	321,014	333,606	157,820	175,786
Support services - general administration	150,127	156,016	73,807	82,209
Support services - school administration	3,602	3,744	1,771	1,973
Support services - central services	24,862	25,837	12,223	13,614
Operations and maintenance of plant	10,949	11,379	5,383	5,996
Operation of noninstructional services	3,126	3,249	1,537	1,712
Total regular education	828,357	860,853	407,246	453,607
Special education:				
Instruction	392,679	408,083	193,053	215,030
Support services - students	7,432	7,724	3,654	4,070
Support services - instructional staff	46,260	48,075	22,743	25,332
Support services - central services	254	264	125	139
Total special education	446,625	464,146	219,575	244,571
Pupil transportation:				
Student transportation services	12,448	12,937	6,120	6,817
Total Expenditures	1,287,430	1,337,936	632,941	704,995
Excess (Deficiency) of Revenues Over Expenditures	(1,287,430)	(1,337,936)	71,752	1,409,688
Other Financing Sources (Uses):				
Transfers out	-	-	(35,033)	(35,033)
NET CHANGE IN FUND BALANCE	(1,287,430)	(1,337,936)	36,719	1,374,655
Fund Balance - Beginning	-	-	511,068	511,068
Fund Balance - Ending	\$ (1,287,430)	\$ (1,337,936)	\$ 547,787	\$ 1,885,723

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Variances -</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES				
Auxiliary operations	\$ -	\$ -	\$ 6,250	\$ 6,250
Student activities	-	-	22,566	22,566
Investment earnings	-	-	41,176	41,176
Other	-	-	558,263	558,263
Total Revenues	-	-	628,255	628,255
EXPENDITURES				
Regular education:				
Instruction	1,053,556	1,110,110	366,756	743,354
Support services - students	5,021	5,291	1,748	3,543
Support services - instructional staff	37,626	39,645	13,098	26,547
Operations and maintenance of plant	146,947	154,835	51,154	103,681
Total regular education	1,243,150	1,309,881	432,756	877,125
Special education:				
Instruction	385,631	406,331	134,243	272,088
Support services - instructional staff	3,464	3,650	1,206	2,444
Total special education	389,095	409,981	135,449	274,532
K-3 reading program:				
Instruction	41,415	43,638	14,417	29,221
Total Expenditures	1,673,660	1,763,500	582,622	1,180,878
Excess (Deficiency) of Revenues Over Expenditures	(1,673,660)	(1,763,500)	45,633	1,809,133
Fund Balance - Beginning, as restated	-	-	1,255,319	1,255,319
Fund Balance - Ending	\$ (1,673,660)	\$ (1,763,500)	\$ 1,300,952	\$ 3,064,452

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,146,551	\$ 1,146,551
Food service sales	-	-	13,413	13,413
Investment earnings	-	-	7,536	7,536
Other	-	-	10,161	10,161
Total Revenues	-	-	1,177,661	1,177,661
EXPENDITURES				
Regular education:				
Operations and maintenance of plant	19,737	18,579	13,960	5,777
Operation of noninstructional services	1,361,040	1,281,221	962,647	398,393
Total Expenditures	1,380,989	1,300,000	976,757	404,220
Excess (Deficiency) of Revenues Over Expenditures	(1,380,989)	(1,300,000)	200,904	1,581,881
Other Financing Sources (Uses):				
Transfers out	-	-	(107,877)	(107,877)
NET CHANGE IN FUND BALANCE	(1,380,989)	(1,300,000)	93,027	1,393,027
Fund Balance - Beginning	-	-	221,823	221,823
Fund Balance - Ending	\$ (1,380,989)	\$ (1,300,000)	\$ 314,850	\$ 1,614,850

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
ADJACENT WAYS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 10	\$ 10
Investment earnings	-	-	31,703	31,703
Total Revenues	<u>-</u>	<u>-</u>	<u>31,713</u>	<u>31,713</u>
EXPENDITURES				
Capital outlay				
Facilities acquisition	964,216	967,000	245,675	721,325
Total Expenditures	<u>964,216</u>	<u>967,000</u>	<u>245,675</u>	<u>721,325</u>
Excess (Deficiency) of Revenues Over Expenditures	(964,216)	(967,000)	(213,962)	753,038
Fund Balance - Beginning	-	-	936,281	936,281
Fund Balance - Ending	<u>\$ (964,216)</u>	<u>\$ (967,000)</u>	<u>\$ 722,319</u>	<u>\$ 1,689,319</u>

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 BOND BUILDING FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Other	\$ -	\$ -	\$ 23,986	23,986
Total Revenues	-	-	23,986	23,986
EXPENDITURES				
Regular education:				
Instruction	1,882,054	1,847,772	342,914	1,504,858
Support services - instructional staff	2,214,318	2,173,983	403,453	1,770,530
Support services - school administration	28,414	27,896	5,177	22,719
Support services - central services	2,866,945	2,814,722	522,363	2,292,359
Operations and maintenance of plant	669,153	656,964	121,921	535,043
Total regular education	7,660,884	7,521,337	1,395,828	6,125,509
Debt service				
Issuance Costs	2,343,466	2,300,778	426,984	1,873,794
Capital outlay				
Facilities acquisition	45,247,061	44,422,866	8,244,103	36,178,763
Total Expenditures	55,251,411	54,244,981	10,066,915	44,178,066
Excess (Deficiency) of Revenues Over Expenditures	(55,251,411)	(54,244,981)	(10,042,929)	(44,154,080)
Other Financing Sources (Uses):				
School improvement bonds issued	-	-	34,030,000	34,030,000
Premium on school improvement bonds	-	-	4,397,484	4,397,484
Net Financing Sources (Uses)	-	-	38,427,484	38,427,484
NET CHANGE IN FUND BALANCE	-	-	28,384,555	(5,726,596)
Fund Balance - Beginning	-	-	19,532,816	19,532,816
Fund Balance - Ending	\$ (55,251,411)	\$ (54,244,981)	\$ 47,917,371	\$ 13,806,220

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances -</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
REVENUES				
Property taxes	\$ -	\$ -	9,836,044	\$ 9,836,044
Investment earnings	-	-	1,536,668	1,536,668
Total Revenues	-	-	11,372,712	11,372,712
EXPENDITURES				
Debt service:				
Principal retirement	5,160,675	5,723,010	6,235,000	(511,990)
Interest and fiscal charges	2,772,871	3,075,017	3,350,114	(275,097)
Other debt-related costs	1,780	1,973	2,150	(177)
Total debt service	7,935,326	8,800,000	9,587,264	(787,264)
Total Expenditures	7,935,326	8,800,000	9,587,264	(787,264)
Excess (Deficiency) of Revenues Over Expenditures	(7,935,326)	(8,800,000)	1,785,448	10,585,448
Fund Balance - Beginning	-	-	732,054	732,054
Fund Balance - Ending	\$ (7,935,326)	\$ (8,800,000)	\$ 2,517,936	\$ 11,317,936

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

This section of the Riverside Elementary School District No. 2's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

Net Position:	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net investment in capital assets	\$ 48,076,662	\$ 44,999,813	\$ 15,150,009	\$ 43,980,872	\$ 40,263,576	\$ 32,718,471	\$ 30,512,206	\$ 28,053,174	\$ 26,424,131	\$ 29,792,951
Restricted	6,440,989	4,424,977	30,540,397	5,896,879	8,386,105	9,512,906	9,404,562	8,198,728	582,761	1,114,274
Unrestricted	6,888,460	5,572,027	6,062,796	(5,065,912)	(9,267,491)	(3,791,696)	(4,240,138)	(5,270,903)	1,579,870	(3,879,216)
Total	\$ 61,406,111	\$ 54,996,817	\$ 51,753,202	\$ 44,811,839	\$ 39,382,190	\$ 38,439,681	\$ 35,676,630	\$ 30,980,999	\$ 28,586,762	\$ 27,028,009

Source: The District's financial records.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
EXPENSES, PROGRAM REVENUES, AND NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Instruction	\$ 6,317,129	\$ 7,163,416	\$ 6,056,715	\$ 5,697,539	\$ 8,222,041	\$ 6,139,507	\$ 5,635,708	\$ 6,534,080	\$ 6,109,450	\$ 5,463,737
Support Services - students and staff	2,055,960	3,180,047	1,548,638	1,655,937	1,625,773	1,399,383	1,107,552	1,236,770	1,705,904	1,332,920
Support Services - administration	2,620,553	3,422,699	3,330,550	2,894,636	4,134,953	2,623,210	2,601,354	2,239,810	2,588,092	2,157,932
Operation and Maintenance of plant serv	1,982,115	2,026,686	1,642,914	1,686,961	2,087,316	1,779,567	1,636,937	1,566,523	1,101,478	1,699,121
Student transportation services	584,771	610,633	581,181	731,092	467,134	739,859	588,074	520,805	473,915	556,751
Operation of non-instructional services	1,040,967	1,495,521	1,123,552	837,481	647,401	824,303	755,887	681,242	855,505	606,116
Interest on long-term debt	2,644,228	1,483,225	1,857,182	1,061,192	1,406,760	1,496,457	1,503,558	1,459,267	1,556,906	1,248,883
Total expenses	17,245,723	19,382,227	16,140,732	14,564,838	18,591,378	15,002,286	13,829,070	14,238,497	14,391,250	13,065,460
Program revenues:										
Charges for services:										
Instruction	520,790	540,921	487,126	382,382	915,380	624,209	308,842	374,896	-	-
Operation of non-instructional services	13,281	52,441	73,811	34,068	25,900	41,137	48,925	82,875	34,582	25,483
Other Activities	70,283	14,330	13,478	17,653	91,256	296,865	460,316	43,429	-	-
Operating grants and contributions	2,633,156	2,901,227	3,629,666	4,270,438	3,395,323	1,802,872	1,789,381	1,896,229	2,416,853	2,159,654
Capital grants and contributions	-	-	-	-	-	-	110,000	-	-	-
Total program revenues	3,237,510	3,508,919	4,204,081	4,704,541	4,427,859	2,765,083	2,717,464	2,397,429	2,451,435	2,185,137
Net expense	\$ (14,008,213)	\$ (15,873,308)	\$ (11,936,651)	\$ (9,860,297)	\$ (14,163,519)	\$ (12,237,203)	\$ (11,111,606)	\$ (11,841,068)	\$ (11,939,815)	\$ (10,880,323)

Source: The District's financial records.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Expense	\$ (14,008,213)	\$ (15,873,308)	\$ (11,936,651)	\$ (9,860,297)	\$ (14,163,519)	\$ (12,237,203)	\$ (11,111,606)	\$ (11,841,068)	\$ (11,939,815)	\$ (10,880,323)
General revenues:										
Property taxes:										
Property taxes, levied for general purposes	7,237,399	6,792,980	6,035,928	6,495,405	5,962,182	5,895,169	5,782,461	5,619,930	5,397,940	5,189,673
Property taxes, levied for debt services	9,836,044	8,667,273	8,002,756	7,380,166	7,499,473	8,407,380	7,406,965	6,262,588	5,725,767	5,912,853
Property taxes, levied for capital outlay	596,798	543,160	496,651	516,502	496,943	482,521	477,915	669,941	1,170,402	570,327
Investment Income and Other	2,521,066	2,735,430	641,678	399,207	491,939	472,334	135,081	72,365	118,273	100,612
Unrestricted State Aid	226,200	139,171	112,933	119,538	549,717	549,833	530,353	36,897	47,423	73,796
Miscellaneous	-	-	-	-	-	-	-	123,571	56,163	-
Total general revenues	20,417,507	18,878,014	15,289,946	14,910,818	15,000,254	15,807,237	14,332,775	12,785,292	12,515,968	11,847,261
Changes in net position	\$ 6,409,294	\$ 3,004,706	\$ 3,353,295	\$ 5,050,521	\$ 836,735	\$ 3,570,034	\$ 3,221,169	\$ 944,224	\$ 576,153	\$ 966,938

Source: The District's financial records.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 FUND BALANCES – GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 (UNAUDITED)**

General Fund	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Nonspendable	\$ 18,339	\$ 14,761	\$ 18,619	\$ 15,508	\$ 44,812	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	7,516,489	6,955,168	6,241,993	5,313,562	4,215,745	1,854,186	1,514,372	1,089,896	663,705	461,463
Total General Fund	7,534,828	6,969,929	6,260,612	5,329,070	4,260,557	1,854,186	1,514,372	1,089,896	663,705	461,463
All other governmental funds:										
Restricted	53,901,798	23,727,293	30,295,336	5,896,879	8,386,105	18,960,307	22,743,056	15,165,297	6,581,004	9,124,940
Unassigned	-	-	-	-	-	(290,741)	(160,118)	(213,602)	(14,007)	(21,231)
Total all other governmental funds	53,901,798	23,727,293	30,295,336	5,896,879	8,386,105	18,669,566	22,582,938	14,951,695	6,566,997	9,103,709
Total all governmental funds	\$ 61,436,626	\$ 30,697,222	\$ 36,555,948	\$ 11,225,949	\$ 12,646,662	\$ 20,523,752	\$ 24,097,310	\$ 16,041,591	\$ 7,230,702	\$ 9,565,172

Source: The District's financial records.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
REVENUES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Federal sources:										
Federal aid and grants	\$ 644,217	\$ 1,053,412	\$ 1,873,516	\$ 2,353,200	\$ 2,065,901	\$ 876,326	\$ 1,026,148	\$ 823,635	\$ 1,227,532	\$ 819,596
National school lunch program	1,146,551	1,040,128	924,721	1,092,567	659,101	757,167	770,032	746,686	779,933	702,714
Total federal sources:	1,790,768	2,093,540	2,798,237	3,445,767	2,725,002	1,633,493	1,796,180	1,570,321	2,007,465	1,522,310
States sources:										
State equalization	226,200	356,671	139,171	112,933	119,538	100,315	95,949	95,785	55,112	83,754
State grants	36,157	35,509	93,266	245,527	290,125	125,850	131,335	80,089	13,704	122,274
Other revenues	775,811	737,889	706,654	650,812	430,018	449,402	453,884	434,568	362,633	460,282
Total state sources	1,038,168	1,130,069	939,091	1,009,272	839,681	675,567	681,168	610,442	431,449	666,310
Local sources										
Property taxes	17,727,573	14,977,199	15,985,020	14,547,061	14,372,652	13,980,391	14,776,839	13,699,075	12,528,073	12,275,288
Food service sales	13,413	52,141	73,420	21,688	4,350	41,137	48,925	41,927	34,582	25,483
Investment income	1,885,141	1,041,199	626,621	131,199	234,239	491,939	472,334	132,081	72,365	118,273
Other revenues	1,257,286	3,328,239	2,641,313	860,677	1,110,290	950,837	710,847	494,490	138,407	74,620
Total local sources	20,883,413	19,398,778	19,326,374	15,560,625	15,721,531	15,464,304	16,008,945	14,367,573	12,773,427	12,493,664
Total revenues	\$ 23,712,349	\$ 22,622,387	\$ 23,063,702	\$ 20,015,664	\$ 19,286,214	\$ 17,773,364	\$ 18,486,293	\$ 16,548,336	\$ 15,212,341	\$ 14,682,284

Source: The District's financial records.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenditures:										
Current:										
Instruction	\$ 4,961,843	\$ 5,554,554	\$ 4,274,987	\$ 3,854,276	\$ 6,423,182	\$ 3,731,600	\$ 3,591,303	\$ 3,504,595	\$ 4,277,304	\$ 4,204,669
Support services - students and staff	2,102,345	2,096,586	1,508,467	1,497,809	1,493,704	1,237,705	958,711	994,129	1,582,489	1,211,907
Support services - administration	2,614,895	3,065,409	3,018,951	3,221,931	3,627,620	1,773,928	1,604,288	1,535,156	2,061,245	1,788,074
Operation and maintenance of plant services	1,660,869	1,684,334	1,814,577	1,202,372	1,384,674	1,039,669	1,005,925	1,049,838	793,027	1,498,510
Student transportation services	459,663	695,200	442,227	642,098	544,437	324,123	338,972	369,817	330,941	415,868
Operation of non-instructional services	980,710	1,549,453	1,041,745	892,036	566,087	656,448	667,686	623,291	827,083	595,796
Capital outlay	8,609,868	5,276,669	4,429,853	1,591,426	15,146,739	4,140,045	2,979,693	8,950,520	5,731,913	17,372,290
Debt Service:										
Principal retirement	6,235,000	6,230,000	6,310,000	6,895,000	11,100,000	6,500,000	6,320,000	5,880,000	5,485,000	4,515,000
Interest, premium and fiscal charges	3,350,114	2,313,850	2,364,633	1,700,674	1,802,799	1,943,404	1,950,505	1,806,968	1,501,170	1,186,030
Bond Issuance Costs	429,134	11,200	357,504	-	236,160	-	165,244	293,590	74,024	221,450
Total expenditures	\$ 31,404,441	\$ 28,477,255	\$ 25,562,944	\$ 21,497,622	\$ 42,325,402	\$ 21,346,922	\$ 19,582,327	\$ 25,007,904	\$ 22,664,196	\$ 33,009,594
Expenditures for Capitalized Assets	10,204,256	5,906,253	5,805,358	3,086,257	15,629,336	2,649,111	1,999,012	7,491,412	5,731,913	17,372,290
Debt service as a percentage of noncapital expenditure:	45.2%	37.9%	45.7%	46.7%	49.2%	45.2%	48.0%	45.6%	41.7%	37.9%

Source: The District's financial records.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Excess (deficiency) of revenues over expenditures	\$ (7,692,092)	\$ (5,854,868)	\$ (2,499,242)	\$ (1,481,958)	\$ (23,039,188)	\$ (3,573,558)	\$ (1,096,034)	\$ (8,459,568)	\$ (7,451,855)	\$ (18,327,310)
Over financing sources (uses):										
General obligation bonds issued	34,030,000	-	24,895,000	-	12,315,000	-	8,035,000	10,235,000	5,075,000	10,200,000
Refunding bonds issued	-	-	-	-	-	-	-	4,510,000	2,565,000	-
Premium on Sale of Bond	4,397,918	-	2,931,130	-	2,500,150	-	1,033,092	2,387,115	138,775	229,519
Insurance recoveries	-	-	-	90,549	106,926	-	83,661	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(2,661,390)	-
Transfers in	142,910	262,974	397,933	258,050	267,361	452,305	399,942	364,752	191,923	34,285
Transfers out	(142,910)	(262,974)	(397,933)	(258,050)	(267,361)	(452,305)	(399,942)	(364,752)	(191,923)	(34,285)
Total other financing sources (uses)	38,427,918	-	27,826,130	90,549	14,922,076	-	9,151,753	17,132,115	5,117,385	10,429,519
Changes in fund balances	\$ 30,735,826	\$ (5,854,868)	\$ 25,326,888	\$ (1,391,409)	\$ (8,117,112)	\$ (3,573,558)	\$ 8,055,719	\$ 8,672,547	\$ (2,334,470)	\$ (7,897,791)

Source: The District's financial records.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS
(UNAUDITED)

Net Full Cash Value										
Class	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commercial, Industrial, Utilities and Mining	\$ 767,146,749	\$ 676,486,996	\$ 551,162,998	\$ 539,639,690	\$ 498,455,141	\$ 449,424,271	\$ 428,943,997	\$ 403,528,761	\$ 368,810,609	\$ 340,331,057
Agricultural and Vacant	15,299,946	13,342,742	13,746,408	12,750,990	11,352,525	10,652,064	11,387,327	9,433,869	8,524,917	9,061,286
Residential (Owner Occupied)	49,375,123	38,569,485	26,629,633	22,152,208	19,474,477	17,534,140	16,081,608	13,621,147	12,182,576	10,706,073
Residential (Rental)	35,431,585	27,153,226	18,084,606	15,542,665	12,900,673	11,457,518	10,264,195	9,360,225	8,315,821	7,528,183
Railroad, Private Cars and Airlines	1,565,870	1,415,664	1,356,649	1,028,461	972,590	1,007,838	968,461	1,008,794	907,086	951,393
Historical Property	6,969,020	6,526,587	4,799,794	4,799,794	4,396,333	3,976,715	6,082,127	5,851,022	6,146,272	5,274,420
Totals	\$ 875,788,293	\$ 763,494,700	\$ 615,780,088	\$ 595,913,808	\$ 547,551,739	\$ 494,052,546	\$ 473,727,715	\$ 442,803,818	\$ 404,887,281	\$ 373,852,412
Ratio of net full cash assessed values to Gross Total Value	\$5,997,266,084	\$5,070,969,166	\$3,978,469,322	\$3,761,183,289	\$3,441,782,992	\$2,371,345,401	\$2,983,257,983	\$2,787,618,982	\$2,550,233,189	\$2,283,339,214
Ratio of Net Limited Assessed Value to Gross Full Cash Value	14.60%	15.06%	15.48%	15.84%	15.91%	20.83%	15.88%	15.88%	15.88%	16.37%
Total Direct Rate	3.17%	3.42%	3.29%	3.46%	3.46%	3.65%	3.91%	3.83%	3.72%	3.62%

Net Limited Assessed Value										
Class	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commercial, Industrial, Utilities and Mining	\$ 469,634,008	\$ 453,733,828	\$ 424,927,383	\$ 402,741,783	\$ 381,194,604	\$ 354,491,201	\$ 342,355,087	\$ 326,829,027	\$ 310,602,700	\$ 309,167,525
Agricultural and Vacant	6,765,673	7,027,931	8,310,161	7,539,754	7,297,775	7,563,806	8,465,695	7,356,922	7,306,935	8,086,810
Residential (Owner Occupied)	17,939,005	16,116,663	13,774,006	11,359,121	10,628,424	10,057,599	9,275,986	8,561,394	8,165,665	7,715,635
Residential (Rental)	12,678,862	11,109,042	9,283,559	8,056,156	7,010,187	6,522,807	5,856,612	5,812,113	5,510,554	5,382,919
Railroad, Private Cars and Airlines	1,070,282	1,094,665	1,025,191	788,347	763,946	811,325	799,252	861,988	845,643	933,016
Historical Property	3,837,488	3,662,923	3,475,607	3,310,103	3,154,133	3,014,068	4,702,911	4,583,423	4,747,899	4,852,815
Totals	\$ 511,925,318	\$ 492,745,052	\$ 460,795,907	\$ 433,795,264	\$ 410,049,069	\$ 382,460,806	\$ 371,455,543	\$ 354,004,867	\$ 337,179,396	\$ 336,138,720
Ratio of net full cash assessed values to Gross Total Value	\$3,403,965,237	\$3,194,986,373	\$2,928,156,664	\$2,689,682,200	\$3,281,414,326	\$2,371,345,401	\$2,983,257,983	\$2,787,618,982	\$2,550,233,189	\$2,283,339,214
Ratio of Net Limited Assessed Value to Gross Limited Value	15.04%	15.42%	15.74%	16.13%	12.50%	16.13%	12.45%	12.70%	13.22%	14.72%
Total Direct Rate	3.17%	3.42%	3.29%	3.46%	3.46%	3.65%	3.91%	3.83%	3.72%	3.62%

Source: The State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
PROPERTY TAX ASESMENT RATIOS
LAST TEN FISCAL YEARS
(UNAUDITED)

Property Classification (a)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commercial, Industrial, Utilities and Mining	18%	18%	18%	18%	18%	18%	18%	18%	18%	19%
Agricultural and Vacant	15%	15%	15%	15%	15%	15%	15%	15%	15%	16%
Residential (Owner Occupied)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Residential (Rental)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Railroad, Private Cars and Airlines	15%	15%	15%	15%	15%	15%	14%	15%	14%	15%

Source: The State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

Note: Additional classes of property tax exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates								
	Primary	Secondary	Total	State Equalization	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Phoenix	Phoenix Union High School District No. 210
2025	1.28	2.21	3.48	0.00	1.16	0.05	0.15	1.10	0.01	0.14	2.08	4.33
2024	1.29	1.88	3.17	0.00	1.20	0.05	0.15	1.14	0.01	0.14	2.10	4.50
2023	1.30	2.12	3.42	0.00	1.25	0.05	0.16	1.09	0.01	0.14	2.11	4.61
2022	1.22	2.07	3.29	0.43	1.35	0.06	0.18	1.23	0.01	0.14	2.12	4.72
2021	1.38	2.08	3.46	0.46	1.40	0.06	0.18	1.29	0.01	0.14	2.13	4.83
2020	1.39	2.26	3.65	0.46	1.40	0.06	0.18	1.33	0.01	0.14	2.13	4.99
2019	1.38	2.53	3.91	0.47	1.40	0.06	0.18	1.38	0.01	0.14	2.14	5.20
2018	1.43	2.40	3.83	0.49	1.40	0.06	0.18	1.41	0.01	0.14	2.16	5.03
2017	1.53	2.19	3.72	0.50	1.40	0.06	0.18	1.47	0.01	0.14	2.17	5.07
2016	1.62	1.99	3.62	0.51	1.36	0.06	0.16	1.49	0.01	0.14	1.82	4.96

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 PRINCIPAL PROPERTY TAXPAYERS
 FISCAL YEAR ENDED JUNE 30, 2022, AND 2013
 (UNAUDITED)**

Taxpayer	2022		2013	
	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes
Arizona Public Service Company	\$ 76,272,509	16.55%	\$ 65,256,885	20.06%
Southwest Gas Company (T&D)	55,131,731	11.96%	46,908,216	14.42%
TGA Cactus DCL LLC	10,567,852	2.29%	8,886,158	2.73%
CI337 S 59th LLC/Stealth S 59th LLC/SBSS S 59	8,162,123	1.77%		
Prologis LP	6,886,768	1.49%		
Generation 3 Investments I LLC	6,004,615	1.30%	4,215,394	1.30%
Dawson Logistics Assets LLC	5,918,716	1.28%		
Amazon.com Services LLC	4,864,972	1.06%	6,106,876	1.88%
Icon Owner Pool 1 West/Southwest LLC	4,574,599	0.99%		
L/S Five Crescent Drive LP	4,397,704	0.95%		
Roadway Package Systems Inc			2,799,459	0.86%
Kinder Morgan Energy Partners LP			7,084,507	2.18%
BRE/DP AZ LLC			3,235,923	0.99%
Duke Realty Limited Partnership			2,972,425	0.91%
MIREF Riverside LLC			2,694,472	0.83%
Totals	\$ 182,781,589	40.50%	\$ 150,160,315	46.16%

Source: Maricopa County Assessor's Office.

Note: Information related to fiscal year 2024-2025 was not available.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year Ended June 30</u>	<u>Current Collections</u>					
	<u>Taxes Levied for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Fiscal Years</u>	<u>Amount</u>	<u>Percentage of the Levy</u>
2025	\$ 17,656,862	\$ 17,438,535	98.76%	\$ -	\$ 17,438,535	98.76%
2024	15,422,914	15,204,588	98.58%	162,982	15,367,570	99.64%
2023	15,949,562	15,849,361	99.37%	64,707	15,914,068	99.78%
2022	14,255,957	14,193,828	99.56%	37,429	14,231,257	99.83%
2021	14,501,137	14,364,706	99.06%	121,069	14,485,775	99.89%
2020	14,141,862	13,870,900	98.08%	251,799	14,122,699	99.86%
2019	14,605,208	14,442,442	98.89%	156,379	14,598,821	99.96%
2018	13,620,602	13,485,971	99.01%	116,379	13,602,350	99.87%
2017	12,679,907	12,580,600	99.22%	95,511	12,676,111	99.97%
2016	12,212,589	12,137,104	99.38%	74,037	12,211,141	99.99%

Source: Maricopa County Treasurer's records and District records.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amount Restricted for Principal	Total	As Percentage of Estimated Actual Value of Property	Per Capita	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income	
2025	\$ 79,487,753	\$ 10,580,430	\$68,907,323	2.02%	\$ 8,770	\$79,487,753	2.34%	\$ 10,117	(1)	
2024	48,429,855	8,078,998	40,350,857	1.26%	5,136	48,429,855	1.52%	6,164	0.02%	
2023	55,501,680	8,502,709	46,998,971	1.61%	5,308	55,501,680	1.90%	6,268	0.02%	
2022	34,850,505	417,100	34,433,405	1.28%	3,889	34,850,505	1.30%	3,936	0.01%	
2021	42,384,987	913,944	40,198,512	1.12%	4,160	42,384,987	1.15%	4,263	0.01%	
2020	45,802,036	5,603,524	40,198,512	1.70%	5,453	45,802,036	1.93%	6,213	0.02%	
2019	52,588,896	6,016,201	46,572,695	1.56%	5,259	52,588,896	1.76%	5,939	0.02%	
2018	49,867,663	5,351,343	44,516,320	1.60%	6,384	49,867,663	1.79%	7,152	0.03%	
2017	38,673,809	244,143	38,429,666	1.51%	5,511	38,673,809	1.52%	5,546	0.02%	
2016	38,110,310	667,520	37,442,790	1.64%	5,370	38,110,310	1.67%	5,465	0.02%	

Source: The District's financial records.

(1) Income and per capita estimates were not available for fiscal year 2025.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2025
(UNAUDITED)

<u>Fiscal Year Ended June 30</u>	Net Assessed Limited Property Value	Net Outstanding Bonded Debt	Approx. Percent	Net Amount	Combined Tax Rate Per \$100 Net Assessed Limited Property Value
Overlapping					
State of Arizona	\$ 88,425,611,337	None	0.58%	None	None
Maricopa County	58,328,686,360	None	0.88%	None	\$ 1.1591
Maricopa County Community College	58,328,686,360	\$ 57,615,000		507,012	1.1047
District			0.88%		
Maricopa Special Health Care District	58,328,686,360	590,038,115	0.88%	5,192,335	0.2665
Maricopa County Flood Control District	50,354,573,089	None	0.84%	None	0.1470
City of Phoenix	17,190,475,852	545,620,000	2.92%	15,932,104	2.0799
Phoenix Union High School District No. 210	6,473,623,351	515,980,000		37,872,932	4.3259
			7.34%		
Subtotal, Overlapping Debt				<u>\$ 59,504,383</u>	
Direct:					
Riverside Elementary School District No. 2	\$ 511,925,318		100.00%	<u>85,722,753</u>	3.4837
Total direct and overlapping debt				<u>\$ 145,227,136</u>	

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIO

Net directed general obligation bonded debt as a percentage of net assessed property value for secondary tax purposes	16.75%
Net direct and overlapping general bonded debt per capita	(1)
as a percentage of net assessed property value for secondary tax purposes	28.37%
as a percentage of Gross Full Cash value	2.42%

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.
(1) Income and per capita estimates were not available for fiscal year 2025.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 COMPARATIVE NET FULL CASH ASSESSED VALUATIONS
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ended	Riverside Elementary School District No. 2	Phoenix Union High School District No. 210	City of Phoenix	Maricopa County	State of Arizona
2025	\$ 875,788,293	\$ 14,948,027,838	\$ 35,253,419,917	\$ 112,459,810,477	\$ 158,962,333,751
2024	763,494,700	12,320,790,252	28,939,043,353	91,557,158,472	129,473,530,919
2023	615,780,088	9,867,472,940	23,045,115,141	72,238,314,892	103,872,223,919
2022	595,913,808	9,445,418,469	21,780,880,732	67,535,008,138	97,282,221,465
2021	547,551,739	8,528,220,332	19,889,713,798	61,824,712,434	90,007,317,461
2020	494,052,546	7,001,735,308	16,665,875,180	51,944,549,119	76,437,036,352
2019	473,727,715	5,650,995,865	14,008,918,676	44,850,741,762	67,264,430,756
2018	442,803,818	5,088,747,539	10,982,150,871	36,135,494,474	56,589,592,481
2017	404,887,281	4,372,062,126	12,783,575,022	41,124,639,380	54,841,866,009
2016	373,852,412	4,573,470,147	10,818,634,186	35,079,646,593	55,349,948,120

Source: The State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation:

Net full cash assessed value	\$ 875,788,293
	15%
Debt limit (15% of assessed value)	131,368,244
Less: Net debt applicable to limit	85,722,753
Legal debt margin	\$ 45,645,491

Class B Bond Legal Debt Margin Calculation:

Net full cash assessed value	\$ 875,788,293
	10%
Debt limit (10% of assessed value)	87,578,829
Less: Net debt applicable to limit	85,722,753
Legal debt margin	\$ 1,856,076

Fiscal Year Ended June 30

	2025	2024	2023	2022	2021
Debt Limit	\$ 131,368,244	\$ 114,524,205	\$ 92,367,013	\$ 89,387,071	\$ 82,132,761
Less: Net debt applicable to limit	85,722,753	48,429,855	55,501,680	34,850,505	42,384,987
Legal debt margin	\$ 45,645,491	\$ 66,094,350	\$ 36,865,333	\$ 54,536,566	\$ 39,747,774
Total debt applicable to the limit as percentage of debt limit	65.3%	42.3%	60.1%	39.0%	51.6%

Fiscal Year Ended June 30

	2020	2019	2018	2017	2016
Debt Limit	\$ 74,107,882	\$ 71,059,157	\$ 66,420,573	\$ 60,733,092	\$ 56,077,862
Less: Net debt applicable to limit	41,051,712	47,371,712	44,275,964	37,940,000	37,380,000
Legal debt margin	\$ 33,056,170	\$ 23,687,445	\$ 22,144,609	\$ 22,793,092	\$ 18,697,862
Total debt applicable to the limit as percentage of debt limit	55.4%	66.7%	66.7%	62.5%	66.7%

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Maricopa County					
Year	Population	Personal Income	Per Capita	Unemployment Rate	Estimated District Population
2025	4,841,695	(1)	(1)	3.9%	7,857
2024	4,726,247	312,350,417	66,088	3.4%	7,857
2023	4,665,020	288,842,282	61,917	3.4%	8,855
2022	4,496,588	268,711,602	59,759	3.4%	8,855
2021	4,420,568	262,362,000	51,851	6.4%	8,855
2020	4,485,414	238,192,000	53,104	10.3%	7,434
2019	4,221,684	222,943,072	52,809	3.6%	7,372
2018	4,294,460	210,370,180	48,986	4.1%	8,855
2017	4,221,684	196,286,191	46,495	4.3%	6,973
2016	4,137,076	185,111,698	44,745	4.5%	6,973

Source: The U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and the Arizona Office of Employment and Population Statistics.

(1) Income and per capita estimates were not available for fiscal year 2025.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 PRINCIPAL EMPLOYERS – MARICOPA COUNTY
 FISCAL YEAR ENDING JUNE 30, 2025, AND NINE YEARS PRIOR
 (UNAUDITED)**

Employer	2025	
	Approximate Number of Employees	Percentage of Total Employment
Banner Health	48,869	2.00%
Amazon	40,000	1.64%
State of Arizona	39,733	1.63%
Walmart	37,979	1.56%
Arizona State University	35,754	1.46%
University of Arizona	22,391	0.92%
Fry's Food Stores	20,000	0.82%
HonorHealth	16,969	0.69%
Dignity Health Arizona	14,676	0.60%
City of Phoenix	14,452	0.59%
	290,823	11.91%

Employer	2016	
	Approximate Number of Employees	Percentage of Total Employment
State of Arizona	50,816	2.65%
Banner Health	35,406	1.85%
Walmart	32,373	1.69%
Fry's Food Stores	17,286	0.90%
City of Phoenix	14,585	0.76%
Wells Fargo & Co.	14,480	0.76%
Maricopa County	13,567	0.71%
Arizona State University	12,676	0.66%
Dignity Health	12,100	0.63%
University of Arizona	11,442	0.60%
	214,731	11.21%

Source: The Phoenix Business Journal, Book of Lists (Arizona's Economy – www.azeeconomy.org)

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Supervisory										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant superintendents	1	1	1	1	1	1	1	1	1	1
Consultants/supervisors of instruction	3	5	5	5	6	6	6	6	6	6
Principals	2	2	2	2	3	3	3	3	3	3
Total supervisory	7	9	9	9	11	11	11	11	11	11
Instruction										
Teachers	42	41	41	40	43	46	45	45	48	44
Other professionals (instructional)	3	3	3	3	2	2				
Instructional Aides	14	13	14	13	13	14	15	14	14	13
Total Instruction	59	57	58	56	58	62	60	59	62	57
Student Services										
Nurses	1	2	2	2	2	2	2	2	2	2
Technicians	1	1	1	3	3	3	2			
Total Student services	2	3	3	5	5	5	4	2	2	2
Support and Administration										
Clerical workers	12	12	12	12	12	13	13	13	13	12
Maintenance workers	11	9	9	6	6	6	6	6	6	5
Bus Drivers	9	7	7	6.5	6.5	6	6	4	5	5
Food Service workers	13	13	12	10	10	9	9	8	8	7
Other classified	2	2	2	2	2	2	2	2	2	2
Total support and administration	47	43	42	36.5	36.5	36	36	33	34	31
Total full-time equivalent employees	115	112	112	106.5	110.5	114	111	105	109	101

Source: The District's personnel records.

RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Percent Change</u>
2024-25	750	-4%
2023-24	782	1%
2022-23	777	0%
2021-22	775	5%
2020-21	736	-9%
2019-20	811	-1%
2018-19	819	-4%
2017-18	849	-5%
2016-17	892	5%
2015-16	846	1%

Source: The Arizona Department of Education.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30	100 Day Count Average Daily Membership	Governmental Funds Operating Expenditures	Cost per Pupil	% Change Cost per Pupil	District Wide Expenses	Cost per Pupil	% Change	Teaching Staff	Pupil- Teacher Ratio	% of Free & Reduced Students
2025	750	12,780,325	\$17,040	-9.01%	31,404,441	\$41,873	14.98%	42	17.9	88.0%
2024	782	14,645,536	18,728	20.25%	28,477,255	36,416	10.69%	41	19.1	83.3%
2023	777	12,100,954	15,574	6.71%	25,562,944	32,900	18.60%	41	19.0	85.9%
2022	775	11,310,522	14,594	-23.49%	21,497,622	27,739	-51.76%	40	19.4	85.9%
2021	736	14,039,074	19,076	76.58%	42,325,402	57,507	210.95%	43	17.1	85.9%
2020	811	8,763,473	10,803	8.33%	15,002,286	18,494	9.52%	46	17.6	72.0%
2019	819	8,166,885	9,972	4.82%	13,829,070	16,885	0.68%	45	18.2	75.0%
2018	849	8,076,826	9,513	-14.04%	14,238,497	16,771	3.95%	45	18.9	88.0%
2017	892	9,872,089	11,067	-3.62%	14,391,250	16,134	4.47%	48	18.6	89.0%
2016	846	9,714,824	11,483	3.12%	13,065,460	15,444	4.41%	44	19.2	89.0%

Source: The District's financial records.

Note: Operating expenditures are total expenditures less debt service and capital outlay.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Schools:</u>										
<u>Elementary:</u>										
Buildings	10	10	10	10	10	10	10	10	10	10
Square feet	90,756	90,756	90,756	90,756	90,756	90,756	90,756	90,756	90,756	90,756
Capacity	660	660	660	660	660	660	660	660	660	660
Enrollment	411	411	438	438	406	526	512	483	535	522
<u>Middle:</u>										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	89,112	89,112	89,112	89,112	89,112	89,112	89,112	89,112	89,112	89,112
Capacity	528	528	528	528	528	528	528	528	528	528
Enrollment	369	369	341	341	320	414	400	419	404	384
<u>Junior High:</u>										
Buildings	2	2	1	1	1	1	1	1	1	N/A
Square feet	72,361	72,361	68,361	68,361	61,656	61,656	61,656	61,656	61,656	N/A
Capacity	702	702	702	702	702	702	702	702	702	N/A
Enrollment	57	57	66	66	54	33	34	29	29	N/A
<u>Administrative:</u>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	12,541	12,541	12,541	12,541	12,541	12,541	12,541	12,541	12,541	12,541
<u>Transportation:</u>										
Garages	2	2	2	2	2	2	2	2	2	2
Buses	11	11	10	11	10	13	13	14	12	12
<u>Athletics:</u>										
Football fields	2	2	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	2	2	1	1	1	1	1	1	1	1
Baseball/softball	4	4	2	2	2	2	2	2	2	2
Playgrounds	2	2	2	2	2	3	3	3	3	3

Source: The District's records and the School Facilities Board.



RIVERSIDE ELEMENTARY
SCHOOL DISTRICT NO. 2

SINGLE AUDIT REPORT

Fiscal Year Ended June 30, 2025

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SINGLE AUDIT REPORT
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YEAR ENDED JUNE 30, 2025**

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**INDEPENDENT AUDITORS' 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**

Governing Board of
Riverside Elementary School District No. 2
Phoenix, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Elementary School District No. 2 (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 29, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 of 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 amounts. 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 Audit Standards*.

Purpose of this Report

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

Advisent Assurance, LLP

Mesa, Arizona
January 29, 2026



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board of
Riverside Elementary School District No. 2
Phoenix, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Riverside Elementary School District No. 2’s (District) compliance with the types of compliance requirements described 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, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

Management’s Responsibilities 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.



Auditors' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated January 29, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Advisent Assurance, LLP

Mesa, Arizona
January 29, 2026

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Additional Award Identification (Optional)	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture:					
<i>Passed through The Arizona Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553		ADE ED09-0001	\$ 380,344	\$ -
National School Lunch Program	10.555		ADE ED09-0001	705,205	-
Commodities - Food Distribution Noncash	10.555		ADE ED09-0001	39,909	-
Child Nutrition Supply Chain	10.555	COVID-19	AZ-031-22	9,876	-
Summer Food Service Program	10.559		ADE ED09-0001	11,217	-
Subtotal Child Nutrition Cluster				<u>1,146,551</u>	<u>-</u>
Total U. S. Department of Agriculture				<u>1,146,551</u>	<u>-</u>
U.S. Department of Education:					
<i>Passed through the Arizona Department of Education:</i>					
Title I - Grants to Local Educational Agencies	84.010		25FT1TTI-511329-01A	326,790	-
Title I - Targeted Support and Improvement Grant	84.010		25FETSIG-511329-01A	24,016	-
Subtotal Title I				<u>350,806</u>	<u>-</u>
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027		25ICSGBA-511329-01A	140,406	-
Special Education Preschool Grants	84.173		25ICSGPR-511329-01A	2,346	-
Subtotal Special Education Cluster (IDEA)				<u>142,752</u>	<u>-</u>
Improving Literacy Through School Libraries Program	84.364		25FASNWE-511329-01A	19,763	-
English Language Acquisition State Grants	84.365		25FELLEP-511329-10A	16,869	-
Supporting Effective Instruction State Grants	84.367		25FT1TII-511329-03A	62,763	-
Student Support and Academic Enrichment Program	84.424		25FT4TIV-511329-01A	10,600	-
Education Stabilization Fund - ARP Homeless	84.425W	COVID-19	22FAHIII-211329-01A	2,699	-
Education Stabilization Fund - ESSER III	84.425U	COVID-19	21FESIIE-111329-01A	5,574	-
Subtotal Education Stabilization Fund				<u>8,273</u>	<u>-</u>
Total U. S. Department of Education				<u>611,826</u>	<u>-</u>
Total Federal Expenditures				<u>\$ 1,758,377</u>	<u>\$ -</u>

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the District's federal grant activity for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS

The program titles and Federal Assistance Listings numbers were obtained from the federal or passthrough grantor or the 2025 Federal Assistance Listings.

NOTE 4 - NON-CASH ASSISTANCE

Food donations as reported for the Child Nutrition Cluster represents the amount of donated food used during the fiscal year ended June 30, 2025. Commodities are valued at fair value at the time of donation.

NOTE 5 - INDIRECT COST RATE

The District did not elect to use the de minimis indirect cost rate as covered in 2 CFR §200.414. The District used an indirect cost rate that was approved by the Arizona Department of Education.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025**

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None noted</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

<u>Federal Assistance Numbers</u>	<u>Name of Federal Program of Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster

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

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION II - FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).