



Financial Statements
June 30, 2024

Rialto Unified School District

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Independent Auditor's Report

To the Governing Board
Rialto Unified School District
Rialto, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rialto Unified School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, be presented to

supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

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

Rancho Cucamonga, California
December 16, 2024

This section of Rialto Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Business-Type Activities – An enterprise fund operates as a business-type activity. Currently, the District has one enterprise fund, and the fund is used to operate the District's compressed natural gas station (CNG) station.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$372,703,176 for the fiscal year ended June 30, 2024. Of this amount, \$(166,831,094) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 520,633,047	\$ 420,499,107
Capital assets	372,052,081	338,786,641
Total assets	<u>892,685,128</u>	<u>759,285,748</u>
Deferred outflows of resources	<u>128,611,248</u>	<u>104,112,805</u>
Liabilities		
Current liabilities	46,780,000	75,080,009
Long-term liabilities	<u>582,701,790</u>	<u>471,260,553</u>
Total liabilities	<u>629,481,790</u>	<u>546,340,562</u>
Deferred inflows of resources	<u>19,111,410</u>	<u>32,033,386</u>
Net Position		
Net investment in capital assets	292,801,454	267,635,391
Restricted	246,732,816	213,509,848
Unrestricted (deficit)	<u>(166,831,094)</u>	<u>(196,120,634)</u>
Total net position	<u>\$ 372,703,176</u>	<u>\$ 285,024,605</u>

The \$(166,831,094) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations. Unrestricted deficit – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 14.9% (\$(166,831,094) compared to \$(196,120,634)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	\$ 2,154,815	\$ 2,300,853
Operating grants and contributions	198,053,402	205,484,228
Capital grants and contributions	14,151	21,011
General revenues		
Federal and State aid not restricted	316,002,932	306,586,802
Property taxes	71,204,741	57,999,998
Other general revenues	13,163,291	5,995,977
	<u>600,593,332</u>	<u>578,388,869</u>
Total revenues		
Expenses		
Instruction-related	321,897,326	283,179,760
Pupil services	77,327,147	67,470,244
Administration	29,607,168	27,309,530
Plant services	43,937,877	52,176,856
All other services	40,145,243	30,867,688
	<u>512,914,761</u>	<u>461,004,078</u>
Total expenses		
Change in net position	<u>\$ 87,678,571</u>	<u>\$ 117,384,791</u>

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$512,914,761. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$71,204,741 because the cost was paid by those who benefited from the programs (\$2,154,815) or by other governments and organizations who subsidized certain programs with grants and contributions (\$198,067,553). We paid for the remaining "public benefit" portion of our governmental activities with \$316,002,932 in State funds, and with \$13,163,291 in other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	\$ 321,897,326	\$ 283,179,760	\$ (209,009,189)	\$ (139,222,106)
Pupil services	77,327,147	67,470,244	(32,165,154)	(20,419,525)
Administration	29,607,168	27,309,530	(21,810,199)	(22,873,022)
Plant services	43,937,877	52,176,856	(18,753,066)	(46,455,456)
All other services	40,145,243	30,867,688	(30,954,785)	(24,227,877)
Total	\$ 512,914,761	\$ 461,004,078	\$ (312,692,393)	\$ (253,197,986)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$475,409,700, which is an increase of \$129,309,660 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	\$ 185,345,852	\$ 529,373,555	\$ 497,293,190	\$ 217,426,217
Student Activity Fund	1,692,390	1,846,883	2,084,902	1,454,371
Adult Education Fund	1,025,012	1,882,815	2,681,567	226,260
Child Development Fund	2,356,614	8,627,225	6,353,590	4,630,249
Cafeteria Fund	72,532,923	36,079,634	21,221,597	87,390,960
Building Fund	28,812,069	83,464,743	17,698,277	94,578,535
Capital Facilities Fund	11,530,277	2,864,225	3,709,548	10,684,954
County School Facilities Fund	-	14,151	-	14,151
Special Reserve Fund for Capital Outlay Projects	30,676,322	6,976,513	4,208,432	33,444,403
Bond Interest and Redemption Fund	12,128,581	25,520,741	12,089,722	25,559,600
Total	\$ 346,100,040	\$ 696,650,485	\$ 567,340,825	\$ 475,409,700

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$185.3 million to \$217.4 million. The District received restricted revenue that will be used to sustain fiscal solvency in future years, which is reflected in the fund balance.

2. The increase in the Cafeteria Fund is primarily attributed to the increase in reimbursement rates for Breakfast, Lunch, Supper, and Snack meals. The Child Nutrition service area maximized the use of federal commodities as well as one-time federal funding, which provide a cost savings.
3. The \$65.7M increase in the Building Fund is attributed to the proceeds from the Districts Measure A Bond issuance. The proceeds from this sale will be used for modernization, renovation, and construction of various school facilities in accordance with voter approved measures.
4. Our Special Reserve Fund has an increase from the prior year showing a net increase of approximately \$2.8 million. This change was a contribution from the General Fund to support several capital facilities projects, such as completing the District Registration Center waiting area, the Central Kitchen update, and the renovations of several school kitchens.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 26, 2024. (A schedule showing the District’s original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 70).

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$372,052,081 in a broad range of capital assets (net of depreciation and amortization). This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$33,265,440, or 9.8%, from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 82,499,026	\$ 52,078,458
Buildings and improvements	245,975,733	251,513,616
Furniture and equipment	37,058,636	33,401,338
Right-to-use leased assets	-	75,875
Right-to-use subscription IT assets	6,518,686	1,717,354
Total	\$ 372,052,081	\$ 338,786,641

This year's additions of \$33,265,440 included the completion of Milor High School Portable Additions, Carter High School Perimeter Fencing, the Rialto High School Retaining Wall, various District-Wide asphalt projects, the upgrade of District network and the purchase of student devices. Proceeds from the issuance of general obligations bonds will be used for modernization, renovation, and construction of various school facilities in accordance with voter approved measures.

Several capital projects are planned for the 2024-2025 year. We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in the notes to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$582,701,790 in long-term liabilities outstanding versus \$471,260,553 last year, an increase of 23.6%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	\$ 208,053,341	\$ 130,409,799
Unamortized debt premiums	4,858,692	2,641,531
Unamortized debt discounts	(121,687)	(192,920)
Leases	3,386	75,992
Subscription-based IT arrangements	1,467,648	894,502
Financed purchase agreement - energy upgrades	6,599,537	7,329,915
Financed purchase agreement - energy efficiency	208,493	340,173
City of Rialto redevelopment agency loan	4,177,987	4,216,838
Compensated absences	1,070,870	1,001,674
Supplemental early retirement plan	1,689,966	3,379,932
Contingent legal liability	2,000,000	-
Net OPEB liability	26,558,421	27,771,829
Aggregate net pension liability	326,135,136	293,391,288
Total	\$ 582,701,790	\$ 471,260,553

We present more detailed information about our long-term liabilities in the notes to the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

In support of the District's literacy initiative, the District continued to provide a Reading Specialist in each classroom for grades 1 through 3. The District graduated 68 teachers from the District sponsored University of Southern California Literacy Added Authorization program. The District also graduated 109 parents from the District sponsored University of Southern California Literacy Training Program.

The District continued supports to address socio-emotional needs of students by providing Psychologist, Emotional Health Therapist, Therapeutic Behavioral Strategist, Applied Behavior Analysis Specialist, and Counselors.

The District completed the construction Milor High School Portable Addition, the Carter High School Perimeter Fence, the Rialto High School Retaining Wall, various District-Wide asphalt projects, and the upgrade of District wireless network.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2024-2025 year, the governing board and management used the following criteria:

The Local Control Funding Formula (LCFF) gives local school districts the discretion to implement the programs and strategies that best support their educational program and needs of their community. The LCFF provides concentration and supplemental grants to further support economically disadvantaged, English learner and foster youth students. To ensure the funds are utilized effectively, the LCFF required the school district to prepare a Local Control Accountability Plan. This plan is a strategic planning and evaluation tool developed amongst the parent, community, and District stakeholders. It intends to increase public transparency and accountability for improving student achievement by utilizing dollars effectively.

The Rialto Unified School District budget was adopted on June 26, 2024, for the 2024-2025 school year. The District developed a cautious budget as the state is still in transition from the impacts of the COVID-19 pandemic. Revenues were forecast with a 1.07% adjustment for cost of living at the time of budget adoption. A conservative approach was taken to sustain a balanced budget and protect the current and future fiscal solvency of the school district.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Lead Business Services Agent, at Rialto Unified School District, 182 E. Walnut Ave., Rialto, California, 92378.

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 486,670,321	\$ 566,203	\$ 487,236,524
Receivables	32,754,660	22,999	32,777,659
Prepaid expense	473,451	-	473,451
Stores inventories	734,615	-	734,615
Capital assets not depreciated or amortized	82,499,026	-	82,499,026
Capital assets, net of accumulated depreciation and amortization	<u>289,553,055</u>	<u>-</u>	<u>289,553,055</u>
Total assets	<u>892,685,128</u>	<u>589,202</u>	<u>893,274,330</u>
Deferred Outflows of Resources			
Deferred charge on refunding	767,622	-	767,622
Deferred outflows of resources related to OPEB	14,225,920	-	14,225,920
Deferred outflows of resources related to pensions	<u>113,617,706</u>	<u>-</u>	<u>113,617,706</u>
Total deferred outflows of resources	<u>128,611,248</u>	<u>-</u>	<u>128,611,248</u>
Liabilities			
Accounts payable	32,607,119	1,000	32,608,119
Interest payable	1,556,653	-	1,556,653
Unearned revenue	12,616,228	-	12,616,228
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	20,357,386	-	20,357,386
Long-term liabilities other than OPEB and pensions due in more than one year	209,650,847	-	209,650,847
Net other postemployment benefits liability (OPEB)	26,558,421	-	26,558,421
Aggregate net pension liabilities	<u>326,135,136</u>	<u>-</u>	<u>326,135,136</u>
Total liabilities	<u>629,481,790</u>	<u>1,000</u>	<u>629,482,790</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	2,224,467	-	2,224,467
Deferred inflows of resources related to pensions	<u>16,886,943</u>	<u>-</u>	<u>16,886,943</u>
Total deferred inflows of resources	<u>19,111,410</u>	<u>-</u>	<u>19,111,410</u>
Net Position			
Net investment in capital assets	292,801,454	-	292,801,454
Restricted for			
Debt service	24,002,947	-	24,002,947
Capital projects	10,689,655	-	10,689,655
Educational programs	121,142,575	-	121,142,575
Child nutrition	86,865,812	-	86,865,812
Other restrictions	4,031,827	-	4,031,827
Unrestricted (deficit)	<u>(166,831,094)</u>	<u>588,202</u>	<u>(166,242,892)</u>
Total net position	<u>\$ 372,703,176</u>	<u>\$ 588,202</u>	<u>\$ 373,291,378</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 262,726,360	\$ 11,003	\$ 99,397,439	\$ 14,151	\$ (163,303,767)	\$ -	\$ (163,303,767)
Instruction-related activities							
Supervision of instruction	20,227,585	1,335	7,500,190	-	(12,726,060)	-	(12,726,060)
Instructional library, media, and technology	5,774,573	-	172,504	-	(5,602,069)	-	(5,602,069)
School site administration	33,168,808	24	5,791,491	-	(27,377,293)	-	(27,377,293)
Pupil services							
Home-to-school transportation	11,590,871	-	2,562,839	-	(9,028,032)	-	(9,028,032)
Food services	21,280,183	2,436	35,484,982	-	14,207,235	-	14,207,235
All other pupil services	44,456,093	22,851	7,088,885	-	(37,344,357)	-	(37,344,357)
Administration							
Data processing	8,217,818	-	2,631,963	-	(5,585,855)	-	(5,585,855)
All other administration	21,389,350	1,185	5,163,821	-	(16,224,344)	-	(16,224,344)
Plant services	43,937,877	1,228,611	23,956,200	-	(18,753,066)	-	(18,753,066)
Ancillary services	2,084,902	-	1,846,883	-	(238,019)	-	(238,019)
Enterprise services	2,184	-	-	-	(2,184)	-	(2,184)
Interest on long-term liabilities	11,973,487	-	-	-	(11,973,487)	-	(11,973,487)
Other outgo	93,121	887,370	6,456,205	-	7,250,454	-	7,250,454
Depreciation and amortization (unallocated)	25,991,549	-	-	-	(25,991,549)	-	(25,991,549)
Total governmental activities	<u>512,914,761</u>	<u>2,154,815</u>	<u>198,053,402</u>	<u>14,151</u>	<u>(312,692,393)</u>	<u>-</u>	<u>(312,692,393)</u>
Business-Type Activities							
Enterprise services	<u>2,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,533)</u>	<u>(2,533)</u>
Total primary government	<u>\$ 512,917,294</u>	<u>\$ 2,154,815</u>	<u>\$ 198,053,402</u>	<u>\$ 14,151</u>	<u>(312,692,393)</u>	<u>(2,533)</u>	<u>(312,694,926)</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
General Revenues and Subventions							
Property taxes, levied for general purposes					\$ 43,174,247	\$ -	\$ 43,174,247
Property taxes, levied for debt service					22,136,371	-	22,136,371
Taxes levied for other specific purposes					5,894,123	-	5,894,123
Federal and State aid not restricted to specific purposes					316,002,932	-	316,002,932
Interest, investment earnings, and change in fair market valuations					11,124,224	26,095	11,150,319
Miscellaneous					2,039,067	46,628	2,085,695
Subtotal, general revenues and subventions					<u>400,370,964</u>	<u>72,723</u>	<u>400,443,687</u>
Change in Net Position					87,678,571	70,190	87,748,761
Net Position - Beginning					<u>285,024,605</u>	<u>518,012</u>	<u>285,542,617</u>
Net Position - Ending					<u>\$ 372,703,176</u>	<u>\$ 588,202</u>	<u>\$ 373,291,378</u>

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 239,388,133	\$ 80,192,643	\$ 95,444,794	\$ 71,644,751	\$ 486,670,321
Receivables	22,213,392	8,409,758	1,023,464	1,108,046	32,754,660
Due from other funds	3,486,141	341,270	-	6,720,852	10,548,263
Prepaid expenditures	455,757	-	-	17,694	473,451
Stores inventories	209,467	525,148	-	-	734,615
Total assets	\$ 265,752,890	\$ 89,468,819	\$ 96,468,258	\$ 79,491,343	\$ 531,181,310
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 28,832,712	\$ 260,380	\$ 1,889,723	\$ 1,624,304	\$ 32,607,119
Due to other funds	6,929,184	1,766,028	-	1,853,051	10,548,263
Unearned revenue	12,564,777	51,451	-	-	12,616,228
Total liabilities	48,326,673	2,077,859	1,889,723	3,477,355	55,771,610
Fund Balances					
Nonspendable	770,224	525,148	-	17,994	1,313,366
Restricted	121,142,575	86,865,812	94,578,535	40,281,082	342,868,004
Committed	10,584,757	-	-	-	10,584,757
Assigned	69,837,097	-	-	35,714,912	105,552,009
Unassigned	15,091,564	-	-	-	15,091,564
Total fund balances	217,426,217	87,390,960	94,578,535	76,013,988	475,409,700
Total liabilities and fund balances	\$ 265,752,890	\$ 89,468,819	\$ 96,468,258	\$ 79,491,343	\$ 531,181,310

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

Total Fund Balance - Governmental Funds		\$ 475,409,700
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 695,309,864	
Accumulated depreciation and amortization is	<u>(323,257,783)</u>	
Net capital assets		372,052,081
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(1,556,653)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	767,622	
Other postemployment benefits (OPEB) liability	14,225,920	
Aggregate net pension liability	<u>113,617,706</u>	
Total deferred outflows of resources		128,611,248
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(2,224,467)	
Aggregate net pension liability	<u>(16,886,943)</u>	
Total deferred inflows of resources		(19,111,410)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(326,135,136)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(26,558,421)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(157,402,728)	
Unamortized premium on issuance	(4,858,692)	
Unamortized discount on issuance	121,687	
Leases	(3,386)	
Subscription-based IT arrangements	(1,467,648)	
Financed purchase agreement - energy upgrades	(6,599,537)	
Financed purchase agreement - energy efficiency	(208,493)	
City of Rialto redevelopment agency loan	(4,177,987)	
Compensated absences (vacations)	(1,070,870)	
Supplemental early retirement plan	(1,689,966)	
Contingent legal liability	(2,000,000)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(50,650,613)</u>	
Total long-term liabilities		<u>(230,008,233)</u>
Total net position - governmental activities		<u>\$ 372,703,176</u>

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	\$ 352,825,208	\$ -	\$ -	\$ -	\$ 352,825,208
Federal sources	62,232,181	26,286,818	-	649,259	89,168,258
Other State sources	69,334,352	5,793,143	-	8,541,872	83,669,367
Other local sources	43,487,702	3,999,673	3,468,383	29,438,327	80,394,085
Total revenues	<u>527,879,443</u>	<u>36,079,634</u>	<u>3,468,383</u>	<u>38,629,458</u>	<u>606,056,918</u>
Expenditures					
Current					
Instruction	270,479,796	-	-	5,803,692	276,283,488
Instruction-related activities					
Supervision of instruction	19,880,121	-	-	427,005	20,307,126
Instructional library, media, and technology	5,837,561	-	-	-	5,837,561
School site administration	31,089,254	-	-	1,930,769	33,020,023
Pupil services					
Home-to-school transportation	11,940,345	-	-	-	11,940,345
Food services	1,744,356	20,584,804	-	-	22,329,160
All other pupil services	45,127,028	-	-	251,589	45,378,617
Administration					
Data processing	16,067,688	-	-	-	16,067,688
All other administration	19,551,931	384,188	-	318,176	20,254,295
Plant services	44,759,581	243,471	-	191,154	45,194,206
Ancillary services	-	-	-	2,084,902	2,084,902
Other outgo	93,121	-	-	-	93,121
Enterprise services	-	2,184	-	-	2,184
Facility acquisition and construction	21,817,549	6,950	16,694,686	8,030,752	46,549,937
Debt service					
Principal	1,894,481	-	-	9,459,806	11,354,287
Interest and other	434,981	-	1,003,591	2,629,916	4,068,488
Total expenditures	<u>490,717,793</u>	<u>21,221,597</u>	<u>17,698,277</u>	<u>31,127,761</u>	<u>560,765,428</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,161,650</u>	<u>14,858,037</u>	<u>(14,229,894)</u>	<u>7,501,697</u>	<u>45,291,490</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	6,575,397	6,575,397
Other sources - SBITAs	1,494,112	-	-	-	1,494,112
Other sources - proceeds from GO bonds	-	-	79,996,360	-	79,996,360
Other sources - premium on issuance	-	-	-	2,527,698	2,527,698
Transfers out	(6,575,397)	-	-	-	(6,575,397)
Net Financing Sources (Uses)	<u>(5,081,285)</u>	<u>-</u>	<u>79,996,360</u>	<u>9,103,095</u>	<u>84,018,170</u>
Net Change in Fund Balances	32,080,365	14,858,037	65,766,466	16,604,792	129,309,660
Fund Balance - Beginning	<u>185,345,852</u>	<u>72,532,923</u>	<u>28,812,069</u>	<u>59,409,196</u>	<u>346,100,040</u>
Fund Balance - Ending	<u>\$ 217,426,217</u>	<u>\$ 87,390,960</u>	<u>\$ 94,578,535</u>	<u>\$ 76,013,988</u>	<u>\$ 475,409,700</u>

Rialto Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 129,309,660

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

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

Capital outlay	\$ 65,758,066	
Depreciation and amortization expense	<u>(29,208,841)</u>	

Net expense adjustment		36,549,225
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (3,283,785)

Right-to-use subscription IT assets acquired this year were financed with subscription-based IT arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (1,494,112)

In the Statement of Activities, certain operating expenses, such as special termination benefits (SERP) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between SERP earned and used. 1,689,966

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (69,196)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. 2,139,583

Rialto Unified School District

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

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	\$ 3,912,000
Contingent legal liability is reported as a long-term liability on the Statement of Net Position, but as an expenditure in the governmental funds when paid	(2,000,000)
Proceeds received from sale of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(79,996,360)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(2,527,698)
Premium amortization	310,537
Discount amortization	(71,233)
Deferred charge on refunding amortization	(161,604)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	9,459,806
Financed purchase agreement - energy upgrades	730,378
Financed purchase agreement - energy efficiency	131,680
City of Rialto redevelopment agency loan	38,851
Leases	72,606
Subscription-based IT arrangements	920,966
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	<u>(7,982,699)</u>
Change in net position of governmental activities	<u>\$ 87,678,571</u>

Rialto Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2024

	<u>Enterprise Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 566,203
Receivables	<u>22,999</u>
Total current assets	<u>589,202</u>
Liabilities	
Current liabilities	
Accounts payable	<u>1,000</u>
Net Position	
Unrestricted	<u><u>\$ 588,202</u></u>

Rialto Unified School District
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds
Year Ended June 30, 2024

	Enterprise Fund
Operating Revenues	
Charges for services	\$ 46,628
Operating Expenses	
Other operating cost	2,533
Operating Income	44,095
Nonoperating Revenues	
Net change in fair market value	5,904
Interest income	20,191
Total nonoperating revenues	26,095
Change in Net Position	70,190
Total Net Position - Beginning	518,012
Total Net Position - Ending	\$ 588,202

Rialto Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Enterprise Fund
Operating Activities	
Cash receipts from customers	\$ 51,234
Cash payments to other suppliers of goods or services	(2,847)
	48,387
Net Cash From Operating Activities	
Investing Activities	
Net gain on investments	23,922
	72,309
Net Change in Cash and Cash Equivalents	
Cash and Cash Equivalents, Beginning	493,894
Cash and Cash Equivalents, Ending	\$ 566,203
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 44,095
Changes in assets and liabilities	
Receivables	4,606
Accounts payable	(314)
	48,387
Net Cash From Operating Activities	\$ 48,387

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Rialto Unified School District (the District) was unified on July 1, 1964 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nineteen elementary schools, five middle schools, three high schools, a continuation high school, an alternative high school, an adult education school, a preschool program, and an infant program.

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

Component Units

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

The Rialto Unified School District School Facilities Corporation's financial activity is presented in the financial statements within the General Fund. Financed purchase agreement – energy upgrades liability secured by the Corporation is included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, *Deferred Maintenance Fund*, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$16,271,164.

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

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

Non-Major Governmental Funds

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

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has no internal service funds. The District has the following proprietary fund:

- **Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the compressed natural gas stations operated by the District.

Basis of Accounting - Measurement Focus

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

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

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. In the governmental fund financial statements, each major fund is presented in a separate column and non-major governmental funds are aggregated and presented in a single column. In the proprietary fund financial statements, the District's non-major enterprise fund is presented in a single column.

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

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

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

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Subscriptions

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$246,732,816 of restricted net position which is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 486,670,321
Proprietary funds	<u>566,203</u>
Total deposits and investments	<u><u>\$ 487,236,524</u></u>

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

Cash on hand and in banks	\$ 1,454,071
Cash with fiscal agent	160
Cash in revolving	105,300
Investments	<u>485,676,993</u>
Total deposits and investments	<u><u>\$ 487,236,524</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

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

Specific Identification

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

Investment Type	Reported Amount	Maturity Date/ Weighted Average Maturity in Days
US Bank GCTS0300 Money Market Mutual Funds	\$ 234,726	1
San Bernardino County Treasury Investment Pool	485,442,267	724
Total	\$ 485,676,993	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Bernardino County Treasury Investment Pool is rated AAA by Fitch Ratings and the US Bank GCTS0300 Money Market Mutual Funds are not rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District's bank balance of \$1,322,200 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

The District's fair value measurements are as follows at June 30, 2024:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
US Bank GCTS0300 Money Market Mutual Funds	\$ 234,726	\$ 234,726
Investments not measured at fair value or subject to the fair value hierarchy San Bernardino County Treasury Investment Pool	485,442,267	
Total investments	\$ 485,676,993	

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal Government						
Categorical aid	\$ 12,449,520	\$ 5,972,607	\$ -	\$ 191,835	\$ 18,613,962	\$ -
State Government						
LCFF apportionment	927,119	-	-	-	927,119	-
Categorical aid	1,738,206	1,371,325	-	474,841	3,584,372	-
Lottery	1,458,238	-	-	-	1,458,238	-
Special education	2,008,112	-	-	-	2,008,112	-
Local Government						
Interest	2,251,614	723,599	1,023,464	434,691	4,433,368	5,419
Other local sources	1,380,583	342,227	-	6,679	1,729,489	17,580
Total	\$ 22,213,392	\$ 8,409,758	\$ 1,023,464	\$ 1,108,046	\$ 32,754,660	\$ 22,999

Note 5 - Capital Assets

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 39,752,485	\$ -	\$ -	\$ 39,752,485
Construction in progress	12,325,973	48,199,310	(17,778,742)	42,746,541
Total capital assets not being depreciated or amortized	52,078,458	48,199,310	(17,778,742)	82,499,026
Capital assets being depreciated and amortized				
Land improvements	49,451,729	10,889,088	(3,735,610)	56,605,207
Buildings and improvements	474,003,327	5,668,571	-	479,671,898
Furniture and equipment	55,785,033	10,837,090	(243,776)	66,378,347
Right-to-use leased furniture and equipment	224,023	-	(96,793)	127,230
Right-to-use subscription IT assets	2,355,520	7,942,749	(270,113)	10,028,156
Total capital assets being depreciated and amortized	581,819,632	35,337,498	(4,346,292)	612,810,838
Total capital assets	633,898,090	83,536,808	(22,125,034)	695,309,864
Accumulated depreciation and amortization				
Land improvements	(25,267,842)	(2,876,094)	562,463	(27,581,473)
Buildings and improvements	(246,673,598)	(16,046,301)	-	(262,719,899)
Furniture and equipment	(22,383,695)	(7,069,154)	133,138	(29,319,711)
Right-to-use leased furniture and equipment	(148,148)	(75,875)	96,793	(127,230)
Right-to-use subscription IT assets	(638,166)	(3,141,417)	270,113	(3,509,470)
Total accumulated depreciation and amortization	(295,111,449)	(29,208,841)	1,062,507	(323,257,783)
Net depreciable and amortizable capital assets	286,708,183	6,128,657	(3,283,785)	289,553,055
Governmental activities capital assets, net	\$ 338,786,641	\$ 54,327,967	\$ (21,062,527)	\$ 372,052,081

Depreciation and amortization expense were charged to the governmental functions as follows:

Governmental Activities	
Depreciation expense	
Unallocated	\$ 25,991,549
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Amortization expense	
Instruction	\$ 1,120,297
Supervision of instruction	249,428
Pupil services	193,906
Data processing services	1,568,227
All other administration	29,472
Plant services	55,962
<hr/>	
Total amortization expense	\$ 3,217,292
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Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

Due To	Due From			Total Governmental Activities
	General Fund	Cafeteria Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,766,028	\$ 1,720,113	\$ 3,486,141
Cafeteria Fund	341,270	-	-	341,270
Non-Major Governmental Funds	6,587,914	-	132,938	6,720,852
Total	\$ 6,929,184	\$ 1,766,028	\$ 1,853,051	\$ 10,548,263

A balance of \$800,008 is due from the Adult Education Non-Major Governmental Fund to the General Fund for reimbursement of operating expenses, including indirect costs.

A balance of \$920,105 is due from the Child Development Non-Major Governmental Fund to the General Fund for reimbursement of operating expenses, including indirect costs.

A balance of \$1,766,028 is due from the Cafeteria Fund to the General Fund for reimbursement of operating expenses, including indirect costs.

A balance of \$1,024,309 is due from the General Fund to the Child Development Non-Major Governmental Fund for transfer of grant revenue and reimbursement of indirect costs.

A balance of \$341,270 is due from the General Fund to the Cafeteria Fund for nutrition service charges.

A balance of \$5,563,605 is due from the General Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to support school kitchen projects and information technology projects.

A balance of \$132,938 is due from the County School Facilities Non-Major Governmental Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of project costs.

Operating Transfers

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

The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to support the District's preschool program.	\$ 1,011,792
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to set aside reserve for future capital outlay projects.	<u>5,563,605</u>
Total	<u><u>\$ 6,575,397</u></u>

Note 7 - Accounts Payable

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Salaries and benefits	\$ 10,941,751	\$ 127,921	\$ -	\$ 154,001	\$ 11,223,673	\$ -
Due to CDE	223,713	-	-	5,697	229,410	-
Due to other LEAs	546,834	-	-	-	546,834	-
Other payables	17,120,414	132,459	1,889,723	1,464,606	20,607,202	1,000
Total	<u>\$ 28,832,712</u>	<u>\$ 260,380</u>	<u>\$ 1,889,723</u>	<u>\$ 1,624,304</u>	<u>\$ 32,607,119</u>	<u>\$ 1,000</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2024, consisted of the following:

	General Fund	Cafeteria Fund	Total Governmental Activities
Federal financial assistance	\$ 10,714,231	\$ 51,451	\$ 10,765,682
State categorical aid	1,850,546	-	1,850,546
Total	<u>\$ 12,564,777</u>	<u>\$ 51,451</u>	<u>\$ 12,616,228</u>

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

Summary

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 130,409,799	\$ 87,103,348	\$ (9,459,806)	\$ 208,053,341	\$ 16,915,000
Unamortized debt premiums	2,641,531	2,527,698	(310,537)	4,858,692	-
Unamortized debt discounts	(192,920)	-	71,233	(121,687)	-
Leases	75,992	-	(72,606)	3,386	3,386
Subscription-based IT arrangements	894,502	1,494,112	(920,966)	1,467,648	827,203
Financed purchase agreement - energy upgrades	7,329,915	-	(730,378)	6,599,537	750,098
Financed purchase agreement - energy efficiency	340,173	-	(131,680)	208,493	131,680
City of Rialto redevelopment agency loan	4,216,838	-	(38,851)	4,177,987	40,053
Compensated absences	1,001,674	69,196	-	1,070,870	-
Supplemental early retirement plan	3,379,932	-	(1,689,966)	1,689,966	1,689,966
Contingent legal liability	-	2,000,000	-	2,000,000	-
Total	\$ 150,097,436	\$ 93,194,354	\$ (13,283,557)	\$ 230,008,233	\$ 20,357,386

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the leases, subscription-based IT arrangements, financed purchased agreement – energy upgrades, financed purchase agreement - energy efficiency, City of Rialto redevelopment agency loan, and supplemental early retirement plan are paid by the General Fund. The compensated absences will be paid by the General Fund, the Adult Education Fund, the Child Development Fund, and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds		Interest Accreted	Bonds Outstanding June 30, 2024	
				Outstanding July 1, 2023	Issued			
6/1/2000	6/1/2025	4.75 - 6.25%	\$ 19,995,038	\$ 3,028,899	\$ -	\$ 191,971	\$ (1,659,806)	\$ 1,561,064
3/17/2011	8/1/2041	7.35%	26,932,187	67,360,115	-	5,434,927	-	72,795,042
3/17/2011	8/1/2026	5.28 - 6.91%	9,695,000	6,585,000	-	-	(1,675,000)	4,910,000
5/17/2012	8/1/2028	2.00 - 5.00%	29,865,000	13,285,000	-	-	(2,265,000)	11,020,000
3/26/2015	8/1/2027	1.26 - 4.13%	32,015,000	10,960,000	-	-	(2,970,000)	7,990,000
12/5/2019	8/1/2044	2.00 - 4.00%	29,356,650	29,190,785	-	713,602	(890,000)	29,014,387
7/11/2023	8/1/2052	4.00-5.00%	79,996,360	-	79,996,360	766,488	-	80,762,848
				\$ 130,409,799	\$ 79,996,360	\$ 7,106,988	\$ (9,459,806)	\$208,053,341

1999 General Obligation Bonds, Series A

On June 1, 2000, Rialto Unified School District issued the 1999 General Obligation Refunding Bonds, Series A in the amount of \$19,995,038. The Series A bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$18,734,962, and an aggregate principal debt service balance of \$38,730,000. The bonds have a final maturity to occur on June 1, 2025 and interest rates of 4.75 to 6.25%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2024, the principal outstanding, including accreted interest, was \$1,561,064.

2010 General Obligation Bonds, Series 2011A

On March 17, 2011, Rialto Unified School District issued the 2010 General Obligation Bonds, Series 2011A in the amount of \$26,932,187. The Series 2011A bonds were issued as capital and convertible capital appreciation bonds. The capital appreciation bonds were issued in the amount of \$10,043,817 with an accretion value of \$27,516,183 and an aggregate principal debt service balance of \$37,560,000. The convertible capital appreciation bonds were issued in the amount of \$16,888,370 with an accretion value of \$34,336,630 and an aggregate principal debt service balance of \$51,225,000 at the conversion date of August 1, 2041. At June 30, 2024, the principal outstanding, including accreted interest, was \$72,795,042.

2010 General Obligation Bonds, Series 2011B

On March 17, 2011, Rialto Unified School District issued the 2010 General Obligation Bonds, Series 2011B in the amount of \$9,695,000. The Series 2011B bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2026 and interest rates of 5.28 to 6.91%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2024, the principal outstanding was \$4,910,000.

General Obligation Refunding Bonds, Series 2012

On May 17, 2012, Rialto Unified School District issued the General Obligation Refunding Bonds, Series 2012 in the amount of \$29,865,000. The bonds have a final maturity to occur on August 1, 2028 and interest rates of 2.00 to 5.00%. Proceeds from the sale of bonds were used to advance refund a portion of the District's outstanding 1999 General Obligation Bonds, Series B and C. At June 30, 2024, the principal outstanding was \$11,020,000.

2010 General Obligation Bonds, Series 2015

On March 26, 2015, Rialto Unified School District issued the 2010 General Obligation Bonds, Series 2015 in the amount of \$32,015,000. The Series 2015 bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2027 and interest rates of 1.26 to 4.13%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2024, the principal outstanding was \$7,990,000.

2010 General Obligation Bonds, Series 2019

On December 5, 2019, Rialto Unified School District issued the 2010 General Obligation Bonds, Series 2019 in the amount of \$29,356,650. The Series 2019 bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$22,703,350, and an aggregate principal debt service balance of \$52,060,000. The bonds have a final maturity to occur on August 1, 2044 and interest rates of 2.00 to 4.00%. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2024, the principal outstanding, including accreted interest, was \$29,014,387.

2022 General Obligation Bonds, Series 2023

On July 11, 2023, Rialto Unified School District issued the 2022 General Obligation Bonds, Series 2023 in the amount of \$79,996,360. The Series 2023 bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$33,668,640, and an aggregate principal debt service balance of \$113,665,000. The bonds were issued at an aggregate price of \$81,520,467 (representing the principal amount of \$79,996,360 plus an original issue premium of \$2,527,698 less cost of issuance of \$1,003,591). The bonds have a final maturity to occur on August 1, 2052 and interest rates of 4.00 to 5.00%. Proceeds from the sale of bonds were used to finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District, and to pay costs of issuance of the Series 2023 Bonds. At June 30, 2024, the principal outstanding, including accreted interest, was \$80,762,848.

Debt Service Requirements to Maturity

The bonds mature through 2053 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2025	\$ 16,816,064	\$ 98,936	\$ 3,218,196	\$ 20,133,196
2026	14,140,000	-	2,581,286	16,721,286
2027	8,651,435	1,008,565	4,061,494	13,721,494
2028	6,055,367	339,633	5,755,861	12,150,861
2029	4,820,208	1,239,792	5,611,700	11,671,700
2030-2034	13,883,211	9,056,789	27,795,188	50,735,188
2035-2039	37,365,025	30,659,975	26,597,873	94,622,873
2040-2044	52,303,683	28,881,317	12,960,498	94,145,498
2045-2049	14,183,348	20,336,652	8,835,900	43,355,900
2050-2053	39,835,000	-	3,299,850	43,134,850
Total	<u>\$ 208,053,341</u>	<u>\$ 91,621,659</u>	<u>\$ 100,717,846</u>	<u>\$ 400,392,846</u>

Leases

The District has entered into agreements to lease various equipment. As of June 30, 2024, the District recognized a lease liability of \$3,386 related to these agreements. The District is required to make principal and interest payments through July 2024. The lease agreements have an interest rate of 3.00%.

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 3,386	\$ 9	\$ 3,395

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2024, the District has recognized right-to-use subscription IT assets of \$6,518,686 and a SBITA liability of \$1,467,648 related to these agreements. During the fiscal year, the District recorded \$3,141,417 in amortization expense. The District is required to make annual principal and interest payments through July 2027. The subscriptions have an interest rate of 3.00%.

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 827,203	\$ 43,872	\$ 871,075
2026	459,682	19,052	478,734
2027	179,731	5,256	184,987
2028	1,032	3	1,035
Total	\$ 1,467,648	\$ 68,183	\$ 1,535,831

Financed Purchase Agreement – Energy Upgrade

On October 27, 2017, the Rialto Unified School District entered into a financed purchase agreement with the Rialto Unified School District School Facilities Corporation (the Corporation). The terms of the agreement stipulate that the District would lease a property owned by the District to the Corporation and the Corporation would sublease the property back to the District, including the energy efficiency renovations performed on the property. The lease payment period commenced on March 30, 2018 and the final lease payment is set to occur on March 30, 2032. At June 30, 2024, the principal balance outstanding was \$6,599,537.

The lease payments are due through March 30, 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 750,098	\$ 178,187	\$ 928,285
2026	770,351	157,935	928,286
2027	791,150	137,135	928,285
2028	812,511	115,774	928,285
2029	834,449	93,837	928,286
2030-2032	2,640,978	143,879	2,784,857
Total	\$ 6,599,537	\$ 826,747	\$ 7,426,284

Financed Purchase Agreement - Energy Efficiency Financing

On January 24, 2019, the District entered into a financed purchase agreement with Southern California Edison Company to participate in SCE’s “On-Bill Financing Program.” The program allows SCE to provide interest free financing for the installation of various energy efficient equipment which is to be repaid over a specified period through the customer’s electricity bill. The District financed \$905,871 under the financing agreement. Under the terms of the agreement, monthly payments of \$10,873 will be paid over 83 months. As of June 30, 2024, the remaining balance was \$208,493.

The future remaining payments are as follows:

Year Ending June 30,	Principal
2025	\$ 131,680
2026	76,813
Total	\$ 208,493

City of Rialto Redevelopment Agency Loan

During 2005, the District entered into an agreement with the City of Rialto Redevelopment Agency (RDA) for a loan of \$2,717,131 for the purpose of financing the cost of labor and material for the design, installation and/or construction of a football stadium at Rialto High School. \$976,242 of the proceeds was used to retire the remaining balance owed from an original \$1,000,000 loan with the RDA. During 2008, the District borrowed an additional \$3,390,000 to complete the project.

The 2005 and 2008 RDA loans were refinanced by the City of Rialto during the 2014-2015 and 2018-2019 fiscal years, respectively, resulting in a revised debt service schedules provided to the District by the City of Rialto. Effective February 1, 2012, the RDA was dissolved under the Redevelopment Dissolution Act and debt service payments are now paid directly to the City of Rialto. As of June 30, 2024, the principal balance outstanding was \$4,177,987.

Future payments on the City of Rialto Redevelopment Agency Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 40,053	\$ 199,016	\$ 239,069
2026	41,254	197,013	238,267
2027	44,058	194,950	239,008
2028	45,660	192,747	238,407
2029	173,028	190,464	363,492
2030-2034	2,067,855	719,130	2,786,985
2035-2038	1,766,079	202,013	1,968,092
Total	\$ 4,177,987	\$ 1,895,333	\$ 6,073,320

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$1,070,870.

Supplemental Early Retirement Plan (SERP)

During 2020-2021 fiscal year, the District adopted a supplemental early retirement plan whereby certain eligible employees were provided an annuity to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 120 employees who retired during the 2020-2021 school year, were purchased from United of Omaha Life Insurance Company. As of June 30, 2024, the total balance of outstanding obligations for the supplemental early retirement plan was \$1,689,966.

Future payments for the SERP are as follows:

Year Ending June 30,	Principal
2025	\$ 1,689,966

Contingent Legal Liability

The District has reported an estimated liability arising from a legal matter as of June 30, 2024 in the amount of \$2,000,000.

Note 10 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 25,437,762	\$ 14,225,920	\$ 2,224,467	\$ 4,635,451
Medicare Premium Payment (MPP) Program	1,120,659	-	-	(86,623)
Total	<u>\$ 26,558,421</u>	<u>\$ 14,225,920</u>	<u>\$ 2,224,467</u>	<u>\$ 4,548,828</u>

The details of each plan are as follows:

District Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the Rialto Unified School District's Postemployment Benefits Plan (the Plan) by maintaining the assets provided and payment at the direction of the District. The Plan is an agent multi-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Financial information for CalPERS can be found on the CalPERS website at: <https://calpers.ca.gov/pages/forms-publications>.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	175
Active employees	<u>2,378</u>
Total	<u><u>2,553</u></u>

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Rialto Education Association (REA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contributions is based on projected pay-as-you-go financing

requirements, with an additional amount to prefund benefits as determined annually through the agreement with the District, REA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District contributed \$6,774,753 to the Plan to fund the OPEB Trust. Of this amount, \$3,607,289 was used to pay for benefits provided to retirees.

Investments

Investment Policy

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by Management. The District participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The District has adopted the CERBT Strategy 3 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board. The following was the Plan's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Global ex-U.S. Equity	23%
U.S. Fixed	51%
TIPS	9%
Real Estate	14%
Commodities	3%

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 1.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of \$25,437,762 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024 were as follows:

Total OPEB liability	\$ 46,512,886
Plan fiduciary net position	<u>(21,075,124)</u>
Net OPEB liability	<u>\$ 25,437,762</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>45.31%</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% average, including inflation
Investment rate of return	5.25% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.00% for 2023

The discount rate was based on the Fidelity 20 Years General Obligation Municipal Index.

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, (see the discussion of the Plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global ex-U.S. Equity	4.8%
U.S. Fixed	1.8%
TIPS	1.6%
Real Estate	3.7%
Commodities	1.9%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2022 (Measurement Date)	\$ 44,277,425	\$ 17,712,878	\$ 26,564,547
Service cost	2,244,352	-	2,244,352
Interest	2,460,825	-	2,460,825
Employer contributions	-	6,774,753	(6,774,753)
Net investment income	-	200,557	(200,557)
Difference between expected and actual experience	(1,469,230)	-	(1,469,230)
Changes of assumptions	2,606,803	-	2,606,803
Benefit payments	(3,607,289)	(3,607,289)	-
Administrative expense	-	(5,775)	5,775
Net change in total OPEB liability	<u>2,235,461</u>	<u>3,362,246</u>	<u>(1,126,785)</u>
Balance, June 30, 2023 (Measurement Date)	<u>\$ 46,512,886</u>	<u>\$ 21,075,124</u>	<u>\$ 25,437,762</u>

Changes of assumptions and other inputs reflect a change in the rate of inflation from 3.00% in 2022 to 2.50% in 2023 and a change in the discount rate from 5.50% in 2022 to 5.25% in 2023.

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

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

Discount Rate	Net OPEB Liability
1% decrease (4.25%)	\$ 28,623,509
Current discount rate (5.25%)	25,437,762
1% increase (6.25%)	22,403,607

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (5.00%)	\$ 20,919,062
Current healthcare cost trend rate (6.00%)	25,437,762
1% increase (7.00%)	30,697,762

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$4,635,451. At June 30, 2024, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 7,151,872	\$ -
Differences between expected and actual experience	721,160	2,224,467
Changes of assumptions	4,205,591	-
Net difference between projected and actual earnings on OPEB plan investments	2,147,297	-
Total	\$ 14,225,920	\$ 2,224,467

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 1,021,257
2026	1,057,624
2027	1,330,742
2028	702,570
2029	325,923
Thereafter	411,465
Total	\$ 4,849,581

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of \$1,120,659 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.3693%, and 0.3665%, resulting in a net increase in the proportionate share of 0.0028%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(86,623).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.65%)	\$ 1,217,926
Current discount rate (3.65%)	1,120,659
1% increase (4.65%)	1,036,085

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,031,118
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	1,120,659
1% increase (5.50% Part A and 6.40% Part B)	1,221,748

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 105,000	\$ -	\$ -	\$ 300	\$ 105,300
Stores inventories	209,467	525,148	-	-	734,615
Prepaid expenditures	455,757	-	-	17,694	473,451
Total nonspendable	<u>770,224</u>	<u>525,148</u>	<u>-</u>	<u>17,994</u>	<u>1,313,366</u>
Restricted					
Legally restricted programs	121,142,575	-	-	-	121,142,575
Student activity	-	-	-	1,454,071	1,454,071
Adult education	-	-	-	218,016	218,016
Child development	-	-	-	2,359,740	2,359,740
Food service	-	86,865,812	-	-	86,865,812
Capital projects	-	-	94,578,535	10,689,655	105,268,190
Debt service	-	-	-	25,559,600	25,559,600
Total restricted	<u>121,142,575</u>	<u>86,865,812</u>	<u>94,578,535</u>	<u>40,281,082</u>	<u>342,868,004</u>
Committed					
Literacy and numeracy	10,584,757	-	-	-	10,584,757
Assigned					
Upcoming deficit	53,565,933	-	-	-	53,565,933
Deferred maintenance	16,271,164	-	-	-	16,271,164
Child care	-	-	-	2,270,509	2,270,509
Capital outlay	-	-	-	33,444,403	33,444,403
Total assigned	<u>69,837,097</u>	<u>-</u>	<u>-</u>	<u>35,714,912</u>	<u>105,552,009</u>
Unassigned					
Reserve for economic uncertainties	15,091,564	-	-	-	15,091,564
Total	<u>\$ 217,426,217</u>	<u>\$ 87,390,960</u>	<u>\$ 94,578,535</u>	<u>\$ 76,013,988</u>	<u>\$ 475,409,700</u>

Note 12 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPAs) for workers' compensation coverage and property and liability insurance. Refer to Note 14 for additional information regarding the JPAs.

Property and Liability

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

Workers' Compensation

For fiscal year 2024, the District participated in the Protected Insurance Program for Schools (PIPS), a public entity risk pool for workers' compensation insurance coverage. The intent of the PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the PIPS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with various commercial insurance carriers to provide employee medical benefits, including health, dental, vision, and other miscellaneous insurance. The District pays a monthly premium based on the number of employees enrolled using pre-negotiated premium for each of the commercial insurance carriers.

Note 13 - Employee Retirement Systems

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

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

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 190,165,488	\$ 61,660,044	\$ 14,643,448	\$ 27,446,635
CalPERS	135,969,648	51,957,662	2,243,495	23,486,140
Total	<u>\$ 326,135,136</u>	<u>\$ 113,617,706</u>	<u>\$ 16,886,943</u>	<u>\$ 50,932,775</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$32,018,598.

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

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

Total Net Pension Liability, Including State Share

Proportionate share of net pension liability	\$ 190,165,488
State's proportionate share of the net pension liability	91,113,633
Total	\$ 281,279,121

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.2497% and 0.2442%, resulting in a net increase in the proportionate share of 0.0055%.

For the year ended June 30, 2024, the District recognized pension expense of \$27,446,635. In addition, the District recognized pension expense and revenue of \$12,393,971 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 32,018,598	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,782,457	4,468,630
Differences between projected and actual earnings on pension plan investments	813,986	-
Differences between expected and actual experience in the measurement of the total pension liability	14,943,875	10,174,818
Changes of assumptions	1,101,128	-
Total	\$ 61,660,044	\$ 14,643,448

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

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

Year Ended June 30,	Deferred Outflows of Resources
2025	\$ (5,982,752)
2026	(9,376,022)
2027	15,408,088
2028	764,672
Total	\$ 813,986

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 1,355,252
2026	1,953,748
2027	1,693,671
2028	2,039,383
2029	3,941,142
Thereafter	3,200,816
Total	\$ 14,184,012

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 318,987,432
Current discount rate (7.10%)	190,165,488
1% increase (8.10%)	83,163,849

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$21,053,760.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$135,969,648. The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.3756% and 0.3595%, resulting in a net increase in the proportionate share of 0.0161%.

For the year ended June 30, 2024, the District recognized pension expense of \$23,486,140. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 21,053,760	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	5,154,416	155,201
Differences between projected and actual earnings on pension plan investments	14,523,502	-
Differences between expected and actual experience in the measurement of the total pension liability	4,961,917	2,088,294
Changes of assumptions	6,264,067	-
Total	\$ 51,957,662	\$ 2,243,495

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

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

Year Ended June 30,	Deferred Outflows of Resources
2025	\$ 2,709,199
2026	1,604,998
2027	9,757,321
2028	451,984
Total	\$ 14,523,502

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 5,958,654
2026	5,785,806
2027	2,392,445
Total	\$ 14,136,905

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 196,576,964
Current discount rate (6.90%)	135,969,648
1% increase (7.90%)	85,879,080

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$14,573,772 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

The District is involved in various litigation arising from the normal course of business. The District's exposure to various litigation has been identified in the range from \$2,000,000 to \$4,000,000. An estimated amount of \$2,000,000 has been recorded as a long-term obligation by the District as of June 30, 2024.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
EHS 2-Stoy Bldg	\$ 23,103,054	6/30/2025
EHS BASEBALL FIELD	35,280	6/30/2026
RHS BASEBALL FIELD	16,120	6/30/2026
Frisbie MS Gym	718,156	6/30/2026
Kolb MS Gym	718,156	6/30/2026
FDK-Trapp	596,900	6/30/2026
Zupanic Virtual Academy	2,617,231	6/30/2025
Battery Energy Storage	40,178	6/30/2025
Garage Bus Heater	626,500	6/30/2025
Central Kitchen Walk-in Freezer	222,515	12/30/2024
District Central Kitchen Facility	29,700	6/30/2026
DRC Waiting Area	541,484	6/30/2025
International Healing Garden	4,930,038	6/30/2025
Kitchen Expansion-Boyd	192,756	6/30/2026
Kitchen Expansion-Casey	4,000	6/30/2026
Kitchen Expansion-Henry	199,056	6/30/2026
Kitchen Expansion-Morgan	8,710	6/30/2026
Kitchen Expansion Preston	204,291	6/30/2026
New District Central Kitchen	4,623,815	6/30/2026
Elementary Playgrounds Renovation Phase 1 & Phase 2	17,000	6/30/2025
Elementary Playgrounds Renovation Phase 1	449,193	1/30/2025
Elementary Playgrounds Renovation Phase 2	1,519,960	6/30/2025
Total	\$ 41,414,093	

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Southern California ReLIEF (SCR) and Protection Insurance Program for Schools (PIPS) public entity risk pools. The District pays an annual premium to the applicable entity for its workers' compensation and property and liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2024, the District made payments of \$2,673,673 and \$6,413,148 to SCR and PIPS, respectively.

Note 16 - Subsequent Events

On October 1, 2024, the District, pursuant to a lease agreement with the Rialto Unified School District Facilities Corporation, issued certificates of participation in the amount of \$44,365,000. The certificates of participation were issued to finance the acquisition, construction, installation, improvement and equipping of District central kitchen and meeting facilities, and to pay the cost of issuance. The interest rate for the certificates is 5.00%, and the certificates mature through September 1, 2038.



Required Supplementary Information
June 30, 2024

Rialto Unified School District

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 353,494,452	\$ 352,825,207	\$ 352,825,208	\$ 1
Federal sources	71,462,678	65,776,933	62,232,181	(3,544,752)
Other State sources	60,494,691	70,466,441	69,334,352	(1,132,089)
Other local sources	26,032,160	42,659,109	43,487,702	828,593
Total revenues ¹	511,483,981	531,727,690	527,879,443	(3,848,247)
Expenditures				
Current				
Certificated salaries	182,379,176	173,566,385	174,953,340	(1,386,955)
Classified salaries	76,856,600	82,267,179	72,897,920	9,369,259
Employee benefits	137,686,084	135,972,306	130,357,265	5,615,041
Books and supplies	75,542,966	38,577,803	25,540,135	13,037,668
Services and operating expenditures	60,315,192	78,798,952	53,789,791	25,009,161
Other outgo	(683,921)	(827,626)	(608,558)	(219,068)
Capital outlay	19,183,566	24,861,829	31,458,438	(6,596,609)
Debt service		-		
Debt service - principal	900,912	1,103,121	1,894,481	(791,360)
Debt service - interest and other	398,868	454,166	434,981	19,185
Total expenditures ¹	552,579,443	534,774,115	490,717,793	44,056,322
Excess (Deficiency) of Revenues Over Expenditures	(41,095,462)	(3,046,425)	37,161,650	40,208,075
Other Financing Sources (Uses)				
Other sources - SBITAs	-	-	1,494,112	1,494,112
Transfers out	(6,319,626)	(16,363,354)	(6,575,397)	9,787,957
Net financing uses	(6,319,626)	(16,363,354)	(5,081,285)	11,282,069
Net Change in Fund Balances	(47,415,088)	(19,409,779)	32,080,365	51,490,144
Fund Balance - Beginning	185,345,852	185,345,852	185,345,852	-
Fund Balance - Ending	\$ 137,930,764	\$ 165,936,073	\$ 217,426,217	\$ 51,490,144

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures; however, they are not included in the original and final General Fund budgets.

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 19,623,069	\$ 24,767,618	\$ 26,286,818	\$ 1,519,200
Other State sources	1,037,968	4,421,819	5,793,143	1,371,324
Other local sources	534,000	4,044,726	3,999,673	(45,053)
Total revenues	<u>21,195,037</u>	<u>33,234,163</u>	<u>36,079,634</u>	<u>2,845,471</u>
Expenditures				
Current				
Classified salaries	6,838,909	6,838,909	6,153,591	685,318
Employee benefits	3,953,093	3,953,093	3,502,050	451,043
Books and supplies	12,813,827	18,924,397	10,069,340	8,855,057
Services and operating expenditures	739,332	1,767,635	259,563	1,508,072
Other outgo	470,741	661,293	384,187	277,106
Capital outlay	2,020,000	3,358,205	852,866	2,505,339
Total expenditures	<u>26,835,902</u>	<u>35,503,532</u>	<u>21,221,597</u>	<u>14,281,935</u>
Net Change in Fund Balances	(5,640,865)	(2,269,369)	14,858,037	17,127,406
Fund Balance - Beginning	<u>72,532,923</u>	<u>72,532,923</u>	<u>72,532,923</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 66,892,058</u>	<u>\$ 70,263,554</u>	<u>\$ 87,390,960</u>	<u>\$ 17,127,406</u>

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

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 2,244,352	\$ 1,846,327	\$ 1,685,763	\$ 1,527,692
Interest	2,460,825	2,400,414	2,198,223	2,159,813
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,469,230)	-	1,201,931	-
Changes of assumptions	2,606,803	-	1,871,644	-
Benefit payments	(3,607,289)	(3,487,080)	(3,397,978)	(2,903,079)
Net change in total OPEB liability	2,235,461	759,661	3,559,583	784,426
Total OPEB Liability - Beginning	44,277,425	43,517,764	39,958,181	39,173,755
Total OPEB Liability - Ending (a)	\$ 46,512,886	\$ 44,277,425	\$ 43,517,764	\$ 39,958,181
Plan Fiduciary Net Position				
Employer contribution	\$ 6,774,753	\$ 6,619,092	\$ 4,713,862	\$ 6,002,713
Net investment income	200,557	(2,178,689)	1,950,804	794,194
Benefit payments	(3,607,289)	(3,487,080)	(3,397,978)	(2,903,079)
Administrative expense	(5,775)	(4,948)	(5,169)	(6,180)
Net change in plan fiduciary net position	3,362,246	948,375	3,261,519	3,887,648
Plan Fiduciary Net Position - Beginning	17,712,878	16,764,503	13,502,984	9,615,336
Plan Fiduciary Net Position - Ending (b)	\$ 21,075,124	\$ 17,712,878	\$ 16,764,503	\$ 13,502,984
Net OPEB Liability - Ending (a) - (b)	\$ 25,437,762	\$ 26,564,547	\$ 26,753,261	\$ 26,455,197
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	45.31%	40.00%	38.52%	33.79%
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Net OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

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

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 1,324,117	\$ 1,442,282	\$ 1,400,274
Interest	2,267,816	2,092,781	2,008,596
Changes of benefit terms	494,652	-	-
Difference between expected and actual experience	(2,810,578)	-	-
Changes of assumptions	2,322,127	-	-
Benefit payments	(1,768,631)	(2,110,240)	(1,904,338)
Net change in total OPEB liability	1,829,503	1,424,823	1,504,532
Total OPEB Liability - Beginning	37,344,252	35,919,429	34,414,897
Total OPEB Liability - Ending (a)	\$ 39,173,755	\$ 37,344,252	\$ 35,919,429
Plan Fiduciary Net Position			
Employer contribution	\$ 1,768,631	\$ 5,102,064	\$ 4,468,974
Net investment income	708,849	425,356	189,251
Benefit payments	(1,768,631)	(2,110,240)	(1,904,338)
Administrative expense	(1,932)	(10,258)	(2,225)
Net change in plan fiduciary net position	706,917	3,406,922	2,751,662
Plan Fiduciary Net Position - Beginning	8,908,419	5,501,497	2,749,835
Plan Fiduciary Net Position - Ending (b)	\$ 9,615,336	\$ 8,908,419	\$ 5,501,497
Net OPEB Liability - Ending (a) - (b)	\$ 29,558,419	\$ 28,435,833	\$ 30,417,932
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	24.55%	23.85%	15.32%
Covered Payroll	N/A ¹	N/A ¹	N/A ¹
Net OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.3693%	0.3665%	0.3436%	0.3496%
Proportionate share of the net OPEB liability	\$ 1,120,659	\$ 1,207,282	\$ 1,370,386	\$ 1,703,425
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
 Year ended June 30,		2020	2019	2018
Proportion of the net OPEB liability		0.4114%	0.4039%	0.4164%
Proportionate share of the net OPEB liability		\$ 1,532,133	\$ 1,546,048	\$ 1,751,648
Covered payroll		N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll		N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability		(0.81%)	(0.40%)	0.01%
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.2497%	0.2442%	0.2286%	0.2307%	0.2326%
Proportionate share of the net pension liability	\$ 190,165,488	\$ 104,015,934	\$ 104,015,934	\$ 223,552,587	\$ 210,050,732
State's proportionate share of the net pension liability	<u>91,113,633</u>	<u>52,336,784</u>	<u>52,336,784</u>	<u>115,241,385</u>	<u>114,596,698</u>
Total	<u>\$ 281,279,121</u>	<u>\$ 156,352,718</u>	<u>\$ 156,352,718</u>	<u>\$ 338,793,972</u>	<u>\$ 324,647,430</u>
Covered payroll	<u>\$ 154,721,969</u>	<u>\$ 141,460,189</u>	<u>\$ 126,367,186</u>	<u>\$ 126,246,263</u>	<u>\$ 126,404,410</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>122.91%</u>	<u>73.53%</u>	<u>82.31%</u>	<u>177.08%</u>	<u>166.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	<u>0.2250%</u>	<u>0.2300%</u>	<u>0.2280%</u>	<u>0.2290%</u>	<u>0.2020%</u>
Proportionate share of the net pension liability	\$ 206,790,750	\$ 212,704,000	\$ 184,408,680	\$ 154,171,960	\$ 118,042,470
State's proportionate share of the net pension liability	<u>118,397,956</u>	<u>125,834,915</u>	<u>104,996,028</u>	<u>81,539,753</u>	<u>71,280,019</u>
Total	<u>\$ 325,188,706</u>	<u>\$ 338,538,915</u>	<u>\$ 289,404,708</u>	<u>\$ 235,711,713</u>	<u>\$ 189,322,489</u>
Covered payroll	<u>\$ 120,818,288</u>	<u>\$ 120,654,817</u>	<u>\$ 116,779,730</u>	<u>\$ 104,660,822</u>	<u>\$ 100,458,242</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>171.16%</u>	<u>176.29%</u>	<u>157.91%</u>	<u>147.31%</u>	<u>117.50%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.3756%	0.3595%	0.3474%	0.3493%	0.3418%
Proportionate share of the net pension liability	\$ 135,969,648	\$ 123,705,280	\$ 70,645,936	\$ 107,190,624	\$ 99,613,229
Covered payroll	\$ 65,403,607	\$ 55,534,570	\$ 50,188,957	\$ 50,704,280	\$ 47,724,604
Proportionate share of the net pension liability as a percentage of its covered payroll	207.89%	222.75%	140.76%	211.40%	208.73%
Plan fiduciary net position as a percentage of the total pension liability	0%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.3266%	0.3192%	0.3108%	0.3249%	0.3270%
Proportionate share of the net pension liability	\$ 87,081,842	\$ 76,201,465	\$ 61,383,192	\$ 47,890,581	\$ 37,122,462
Covered payroll	\$ 43,453,969	\$ 41,551,721	\$ 38,822,917	\$ 35,822,623	\$ 34,558,848
Proportionate share of the net pension liability as a percentage of its covered payroll	200.40%	183.39%	158.11%	133.69%	107.42%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 32,018,598	\$ 29,551,896	\$ 23,935,064	\$ 20,407,816	\$ 21,588,111
Less contributions in relation to the contractually required contribution	<u>32,018,598</u>	<u>29,551,896</u>	<u>23,935,064</u>	<u>20,407,816</u>	<u>21,588,111</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 167,636,639</u>	<u>\$ 154,721,969</u>	<u>\$ 141,460,189</u>	<u>\$ 126,364,186</u>	<u>\$ 126,246,263</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 20,578,638	\$ 17,434,079	\$ 15,178,376	\$ 12,530,465	\$ 9,293,881
Less contributions in relation to the contractually required contribution	<u>20,578,638</u>	<u>17,434,079</u>	<u>15,178,376</u>	<u>12,530,465</u>	<u>9,293,881</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 126,404,410</u>	<u>\$ 120,818,288</u>	<u>\$ 120,654,817</u>	<u>\$ 116,779,730</u>	<u>\$ 104,660,822</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 21,053,760	\$ 16,592,895	\$ 12,722,970	\$ 10,389,114	\$ 9,999,391
Less contributions in relation to the contractually required contribution	<u>21,053,760</u>	<u>16,592,895</u>	<u>12,722,970</u>	<u>10,389,114</u>	<u>9,999,391</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 78,912,144</u>	<u>\$ 65,403,607</u>	<u>\$ 55,534,570</u>	<u>\$ 50,188,957</u>	<u>\$ 50,704,280</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 8,620,018	\$ 6,748,836	\$ 5,770,703	\$ 4,599,351	\$ 4,216,681
Less contributions in relation to the contractually required contribution	<u>8,620,018</u>	<u>6,748,836</u>	<u>5,770,703</u>	<u>4,599,351</u>	<u>4,216,681</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 47,724,604</u>	<u>\$ 43,453,969</u>	<u>\$ 41,551,721</u>	<u>\$ 38,822,917</u>	<u>\$ 35,822,623</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the rate of inflation from 3.00% in 2022 to 2.50% in 2023 and a change in the discount rate from 5.50% in 2022 to 5.25% in 2023.

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

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

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

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

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

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

Schedule of the District's Contributions

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



Supplementary Information
June 30, 2024

Rialto Unified School District

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Education - Basic Grants to States ELA	84.002A	14508	\$ 265,451
Adult Education - Basic Grants to States Secondary	84.002	13978	<u>107,291</u>
Subtotal			<u>372,742</u>
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	9,675,138
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	<u>451,538</u>
Subtotal			<u>10,126,676</u>
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	25,314
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	<u>772,371</u>
Subtotal			<u>797,685</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	24,705,036
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	12,804,707
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	2,515,138
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	213,328
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	1,309,698
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	1,208,745
COVID-19 ESSER III State Reserve Afterschool Programs	84.425U	15651	241,775
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	<u>393,190</u>
Subtotal			<u>43,391,617</u>
Supporting Effective Instruction State Grants	84.367	14341	1,481,195
Student Support and Academic Enrichment Program	84.424	15396	211,849
Career and Technical Education - Basic Grants to States	84.048	15294	268,564
Passed Through East Valley SELPA			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,512,765
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>278,392</u>
Subtotal			<u>4,791,157</u>
Preschool Grants, Part B, Sec 619	84.173	13430	80,800
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>648</u>
Subtotal			<u>81,448</u>
Total Special Education Cluster (IDEA)			<u>4,872,605</u>
Total U.S. Department of Education			<u>61,522,933</u>

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program (NSL Sec 4)	10.555	13523	\$ 1,324,601
National School Lunch Program (NSL Sec 11)	10.555	13524	10,199,428
National School Lunch Program - Meal Supplements	10.555	13755	273,547
National School Lunch Program - Commodities	10.555	13524	1,453,982
Supply Chain Assistance (SCA) Funds	10.555	15655	1,345,088
Local Food for Schools	10.555	15708	<u>84,246</u>
Subtotal			<u>14,680,892</u>
School Breakfast Program - Especially Needy	10.553	13526	9,095,658
Summer Food Services Program for Children - Operations	10.559	13004	364,484
Fresh Fruit and Vegetable Program (FFVP)	10.582	14968	<u>576,103</u>
Total Child Nutrition Cluster			<u>24,717,137</u>
Passed Through California Department of Social Services			
Child and Adult Care Food Program			
Centers and Family Day Care Homes	10.558	13529	2,083,129
Cash in Lieu of Commodities	10.558	13534	<u>144,593</u>
Subtotal			<u>2,227,722</u>
Passed Through California State Controller			
Forest Services Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	<u>65,643</u>
Total Forest Services Schools and Roads Cluster			<u>65,643</u>
Total U.S. Department of Agriculture			<u>27,010,502</u>
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	[1]	<u>246,453</u>
Total U.S. Department of Defense			<u>246,453</u>
U.S. Department of Health and Human Services			
Passed Through California Department of Social Services			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 ARP California State Preschool Program			
One-time Stipend	93.575	15640	<u>177,937</u>
Total Child Care and Development Fund (CCDF) Cluster			<u>177,937</u>
Total U.S. Department of Health and Human Services			<u>177,937</u>
Total Federal Financial Assistance			<u>\$ 88,957,825</u>

[1] Pass-Through Entity Identifying Number not available.

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

	Final Report	
	Second Period Report <u>77946036</u>	Annual Report <u>5BEC1B7B</u>
Regular ADA		
Transitional kindergarten through third	6,765.84	6,759.83
Fourth through sixth	4,922.31	4,907.76
Seventh and eighth	3,329.62	3,313.02
Ninth through twelfth	<u>6,597.92</u>	<u>6,523.07</u>
Total Regular ADA	<u>21,615.69</u>	<u>21,503.68</u>
Extended Year Special Education		
Transitional kindergarten through third	59.37	59.37
Fourth through sixth	16.84	16.84
Seventh and eighth	13.89	13.89
Ninth through twelfth	<u>44.58</u>	<u>44.58</u>
Total Extended Year Special Education	<u>134.68</u>	<u>134.68</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	1.13	1.13
Ninth through twelfth	<u>7.82</u>	<u>8.82</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>8.95</u>	<u>9.95</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>0.22</u>	<u>0.24</u>
Total ADA	<u><u>21,759.54</u></u>	<u><u>21,648.55</u></u>

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

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	49,807	293	50,100	179	1	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,696	296	50,992	179	1	180	N/A	N/A	N/A	Complied
Grade 2		50,696	296	50,992	179	1	180	N/A	N/A	N/A	Complied
Grade 3		50,696	296	50,992	179	1	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,335	321	54,656	179	1	180	N/A	N/A	N/A	Complied
Grade 5		54,335	321	54,656	179	1	180	N/A	N/A	N/A	Complied
Grade 6		61,999	371	62,370	179	1	180	N/A	N/A	N/A	Complied
Grade 7		61,999	371	62,370	179	1	180	N/A	N/A	N/A	Complied
Grade 8		61,999	371	62,370	179	1	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,181	373	65,554	179	1	180	N/A	N/A	N/A	Complied
Grade 10		65,181	373	65,554	179	1	180	N/A	N/A	N/A	Complied
Grade 11		65,181	373	65,554	179	1	180	N/A	N/A	N/A	Complied
Grade 12		65,181	373	65,554	179	1	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for the number of minutes indicated above by grade span and for one day.

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

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

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

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund ³				
Revenues	\$ 493,341,226	\$ 527,491,664	\$ 528,844,043	\$ 414,637,425
Other sources	-	1,494,112	2,273,019	-
Total revenues and other sources	<u>493,341,226</u>	<u>528,985,776</u>	<u>531,117,062</u>	<u>414,637,425</u>
Expenditures	581,201,295	486,927,693	443,646,271	398,257,270
Other uses	6,505,418	16,124,433	21,327,241	15,435,681
Total expenditures and other uses	<u>587,706,713</u>	<u>503,052,126</u>	<u>464,973,512</u>	<u>413,692,951</u>
Increase/(Decrease) in Fund Balance	<u>(94,365,487)</u>	<u>25,933,650</u>	<u>66,143,550</u>	<u>944,474</u>
Ending Fund Balance	<u>\$ 106,789,566</u>	<u>\$ 201,155,053</u>	<u>\$ 175,221,403</u>	<u>\$ 109,077,853</u>
Available Reserves ²	<u>\$ 14,369,433</u>	<u>\$ 15,091,564</u>	<u>\$ 13,922,176</u>	<u>\$ 18,748,935</u>
Available Reserves as a Percentage of Total Outgo	<u>2.45%</u>	<u>3.00%</u>	<u>2.99%</u>	<u>4.53%</u>
Long-Term Liabilities, as Restated	<u>N/A</u>	<u>\$ 582,701,790</u>	<u>\$ 471,260,553</u>	<u>\$ 360,838,730</u>
K-12 Average Daily Attendance at P-2	<u>21,424</u>	<u>21,760</u>	<u>21,971</u>	<u>21,770</u>

The General Fund balance has increased by \$92,077,200 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$94,365,487 (46.9%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$219,863,060 over the past two years.

Average daily attendance has decreased by 10 over the past two years. An additional decline of 336 in ADA is anticipated during fiscal year 2024-2025.

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

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

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

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

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund
Assets				
Deposits and investments	\$ 1,454,371	\$ 807,800	\$ 4,338,615	\$ 10,957,759
Receivables	-	314,783	393,270	108,810
Due from other funds	-	-	1,024,309	-
Prepaid expenditures	-	8,244	-	9,450
	<u>1,454,371</u>	<u>807,800</u>	<u>4,338,615</u>	<u>10,957,759</u>
Total assets	<u>\$ 1,454,371</u>	<u>\$ 1,130,827</u>	<u>\$ 5,756,194</u>	<u>\$ 11,076,019</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 104,559	\$ 205,840	\$ 391,065
Due to other funds	-	800,008	920,105	-
	<u>-</u>	<u>904,567</u>	<u>1,125,945</u>	<u>391,065</u>
Total liabilities	<u>-</u>	<u>904,567</u>	<u>1,125,945</u>	<u>391,065</u>
Fund Balances				
Nonspendable	300	8,244	-	9,450
Restricted	1,454,071	218,016	2,359,740	10,675,504
Assigned	-	-	2,270,509	-
	<u>1,454,371</u>	<u>226,260</u>	<u>4,630,249</u>	<u>10,684,954</u>
Total fund balances	<u>1,454,371</u>	<u>226,260</u>	<u>4,630,249</u>	<u>10,684,954</u>
Total liabilities and fund balances	<u>\$ 1,454,371</u>	<u>\$ 1,130,827</u>	<u>\$ 5,756,194</u>	<u>\$ 11,076,019</u>

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

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 145,641	\$ 28,380,965	\$ 25,559,600	\$ 71,644,751
Receivables	1,448	289,735	-	1,108,046
Due from other funds	-	5,696,543	-	6,720,852
Prepaid expenditures	-	-	-	17,694
Total assets	\$ 147,089	\$ 34,367,243	\$ 25,559,600	\$ 79,491,343
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 922,840	\$ -	\$ 1,624,304
Due to other funds	132,938	-	-	1,853,051
Total liabilities	132,938	922,840	-	3,477,355
Fund Balances				
Nonspendable	-	-	-	17,994
Restricted	14,151	-	25,559,600	40,281,082
Assigned	-	33,444,403	-	35,714,912
Total fund balances	14,151	33,444,403	25,559,600	76,013,988
Total liabilities and fund balances	\$ 147,089	\$ 34,367,243	\$ 25,559,600	\$ 79,491,343

Rialto Unified School District

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

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund
Revenues				
Federal sources	\$ -	\$ 372,742	\$ -	\$ -
Other State sources	-	1,472,131	6,942,626	-
Other local sources	<u>1,846,883</u>	<u>37,942</u>	<u>672,807</u>	<u>2,864,225</u>
Total revenues	<u>1,846,883</u>	<u>1,882,815</u>	<u>7,615,433</u>	<u>2,864,225</u>
Expenditures				
Current				
Instruction	-	1,423,865	4,379,827	-
Instruction-related activities				
Supervision of instruction	-	13,648	413,357	-
School site administration	-	976,235	954,534	-
Pupil services				
All other pupil services	-	175,382	76,207	-
Administration				
All other administration	-	65,333	252,156	687
Plant services	-	27,104	164,050	-
Ancillary services	2,084,902	-	-	-
Facility acquisition and construction	-	-	113,459	3,708,861
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>2,084,902</u>	<u>2,681,567</u>	<u>6,353,590</u>	<u>3,709,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(238,019)</u>	<u>(798,752)</u>	<u>1,261,843</u>	<u>(845,323)</u>
Other Financing Sources				
Transfers in	-	-	1,011,792	-
Other sources - premium on issuance	-	-	-	-
Total Financing Sources	<u>-</u>	<u>-</u>	<u>1,011,792</u>	<u>-</u>
Net Change in Fund Balances	(238,019)	(798,752)	2,273,635	(845,323)
Fund Balance - Beginning	<u>1,692,390</u>	<u>1,025,012</u>	<u>2,356,614</u>	<u>11,530,277</u>
Fund Balance - Ending	<u>\$ 1,454,371</u>	<u>\$ 226,260</u>	<u>\$ 4,630,249</u>	<u>\$ 10,684,954</u>

Rialto Unified School District

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

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ 276,517	\$ 649,259
Other State sources	-	-	127,115	8,541,872
Other local sources	<u>14,151</u>	<u>1,412,908</u>	<u>22,589,411</u>	<u>29,438,327</u>
Total revenues	<u>14,151</u>	<u>1,412,908</u>	<u>22,993,043</u>	<u>38,629,458</u>
Expenditures				
Current				
Instruction	-	-	-	5,803,692
Instruction-related activities				
Supervision of instruction	-	-	-	427,005
School site administration	-	-	-	1,930,769
Pupil services				
All other pupil services	-	-	-	251,589
Administration				
All other administration	-	-	-	318,176
Plant services	-	-	-	191,154
Ancillary services	-	-	-	2,084,902
Facility acquisition and construction	-	4,208,432	-	8,030,752
Debt service				
Principal	-	-	9,459,806	9,459,806
Interest and other	-	-	2,629,916	2,629,916
Total expenditures	<u>-</u>	<u>4,208,432</u>	<u>12,089,722</u>	<u>31,127,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,151</u>	<u>(2,795,524)</u>	<u>10,903,321</u>	<u>7,501,697</u>
Other Financing Sources				
Transfers in	-	5,563,605	-	6,575,397
Other sources - premium on issuance	-	-	2,527,698	2,527,698
Total Financing Sources	<u>-</u>	<u>5,563,605</u>	<u>2,527,698</u>	<u>9,103,095</u>
Net Change in Fund Balances	14,151	2,768,081	13,431,019	16,604,792
Fund Balance - Beginning	<u>-</u>	<u>30,676,322</u>	<u>12,128,581</u>	<u>59,409,196</u>
Fund Balance - Ending	<u>\$ 14,151</u>	<u>\$ 33,444,403</u>	<u>\$ 25,559,600</u>	<u>\$ 76,013,988</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Other Information
June 30, 2024

Rialto Unified School District

ORGANIZATION

The Rialto Unified School District (the District) was unified on July 1, 1964 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nineteen elementary schools, five middle schools, three high schools, a continuation high school, an alternative high school, an adult education school, a preschool program, and an infant program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Joseph W. Martinez	President	2024
Mr. Edgar Montes	Vice President	2026
Mrs. Evelyn P. Dominguez	Clerk	2026
Mrs. Stephanie E. Lewis	Member	2024
Mrs. Nancy G. O’Kelley	Member	2024

ADMINISTRATION

Dr. Cuauhtémoc Avila	Superintendent
Dr. Rhea McIver Gibbs	Lead Strategic Agent
Diane Romo	Lead Business Services Agent
Nicole Albiso	Lead Fiscal Services Agent



Independent Auditor's Reports
June 30, 2024

Rialto Unified School District



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

To the Governing Board
Rialto Unified School District
Rialto, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rialto Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 16, 2024



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

To the Governing Board
Rialto Unified School District
Rialto, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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

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

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



Rancho Cucamonga, California
December 16, 2024



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

To the Governing Board
Rialto Unified School District
Rialto, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the **2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting** will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the **2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting**, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the **2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting**, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 16, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Rialto Unified School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U
COVID-19 ESSER III State Reserve Afterschool Programs	84.425U
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W
Dollar threshold used to distinguish between type A and type B programs	\$2,668,735
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2024-001 50000 – Title I, Part A – Annual Report Card, High School Graduation Rate

Federal Agency: U.S. Department of Education
 Pass-Through Entity: California Department of Education
 Program Name: Title I, Part A, Basic Grants Low-Income and Neglected and School Improvement Funding for LEAs
 Federal Financial Assistance Listing: 84.010
 Compliance Requirement(s): N (Special Tests & Provisions) Annual Report Card, High School Graduation Rate
 Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirements

Local Education Agencies (LEAs) must report graduation rate data for all public high schools at the school and LEA levels using the four-year adjusted cohort rate and, at an LEA’s discretion, one or more extended year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the Elementary and Secondary Education Act (ESEA), homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))). Written documentation must be maintained to remove a student from the cohort.

Condition

The District did not adequately maintain written documentation for two of the seven sampled students that were removed from the cohort.

Cause

The condition arose due to lack of sufficient internal controls over compliance related to removal of students from the cohort.

Effect

The District has not complied with the requirement to maintain written documentation to remove a student from the cohort.

Questioned Costs

None reported.

Context/Sampling

The condition was identified through review of supporting documentation for a sample of students who were identified as removed from the cohort on the California Longitudinal Pupil Achievement Data System (CALPADS) 15.2 Cohort Outcome report. Two of the seven sampled students identified as removed from the cohort on the CALPADS 15.2 Cohort Outcome report did not have adequate written documentation to support the removal of the students from the cohort. We determined the condition to be systematic for students transferring to schools within the United States.

Repeat Finding

Yes. See prior year finding 2023-001.

Recommendation

The District should ensure that they meet all of the requirements of ESEA. The District should revise their procedures to ensure that adequate written documentation for all students removed from the cohort is maintained and data inputted into the system is accurate.

Corrective Action Plan and Views of Responsible Officials

The District has revised its drop protocol documentation to provide a clearer, more streamlined process for staff, ensuring all required documentation is collected before processing drop codes in CALPADS. Additionally, comprehensive training has been provided to all staff responsible for this task to support accurate and efficient implementation.

None reported.

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

Federal Awards Findings

2023-001 50000 – Title I, Part A – Annual Report Card, High School Graduation Rate

Federal Program Affected

Federal Agency: U.S. Department of Education

Pass-Through Entity: California Department of Education

Program Name: Title I, Part A, Basic Grants Low-Income and Neglected and School Improvement Funding for LEAs

Assistance Listing Number: 84.010

Compliance Requirement: N (Special Tests & Provisions) Annual Report Card, High School Graduation Rate

Criteria or Specific Requirements

Local Education Agencies (LEAs) must report graduation rate data for all public high schools at the school and LEA levels using the four-year adjusted cohort rate and, at an LEA's discretion, one or more extended-year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the Elementary and Secondary Education Act (ESEA), homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))). Written documentation must be maintained to remove a student from the cohort.

Condition

The District did not adequately maintain written documentation for five of the nine sampled students that were removed from the cohort.

Cause

The condition arose due to lack of sufficient internal controls over compliance related to removal of students from the cohort. For students transferring to other schools within the United States, the District was not aware of the requirement to maintain documentation from the receiving school regarding the transfer.

Effect

The District has not complied with the requirement to maintain written documentation to remove a student from the cohort.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context/Sampling

The condition was identified through review of supporting documentation for a sample of students who were identified as removed from the cohort on the California Longitudinal Pupil Achievement Data System (CALPADS) 15.2 Cohort Outcome report. Five of the nine sampled students identified as removed from the cohort on the CALPADS 15.2 Cohort Outcome report did not have adequate written documentation to support the removal of the students from the cohort. We determined the condition to be systematic for students transferring to schools within the United States.

Recommendation

The District should ensure that they meet all of the requirements of ESEA. The District should revise their procedures to ensure that adequate written documentation for all students removed from the cohort is maintained and data inputted into the system is accurate.

Current Status

Not implemented. See current year finding 2024-001.

State Compliance Finding

2023-002 70000 – Instructional Materials

Criteria or Specific Requirements

Pursuant to Education Code 60119, the District is required to hold a public hearing regarding the sufficiency of textbooks or other instructional materials on or before the eighth week from the first day pupils attended school for that year.

Condition

The District held the public hearing on October 19, 2022, which was not within the first eight weeks of the start of school.

Cause

The District was aware of the requirement; however, the deadline was missed due to improper oversight.

Effect

The District has not complied with the requirements set forth under *Education Code* Section 60119 for the 2022-2023 fiscal year.

Questioned Costs

There are no questioned costs associated with this condition.

Recommendation

We recommend the District make every effort to place the sufficiency of instructional materials on the board agenda for review and approval before or on the eight weeks from the first day pupils attend school for that year. The District should designate a management employee with the responsibility to ensure that the public hearing is placed on the board agenda before the eight weeks have passed.

Current Status

Implemented.



Management
Rialto Unified School District
Rialto, California

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

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

Associated Student Body

Frisbie Middle School

Observation

1. Based on review of the cash receipting procedures, it was noted that two out of seven deposits tested contained cash that was not deposited in a timely manner. The delay in deposits ranged from 11 to 88 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on review of bank reconciliations, it was noted that the bank reconciliation preparations are not done in a timely manner. The preparation of the reconciliation was done 4 months after receiving the bank statement.

Recommendation

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.
2. The ASB should enforce formalized procedures related to the timely reconciliation of the bank accounts. The procedures should require that an individual independent of the reconciliation process reviews the reconciliations. Upon reviewing the reconciliation, the reviewer should sign and date the reconciliation to indicate it was reviewed. The review process will help identify any errors that may have otherwise gone unidentified.

Rialto High School

Observation

Based on review of the cash receipting procedures, it was noted that one deposit lacked evidence of a dual cash count. As a result, the auditor was unable to determine the presence of a witness indicating the status of collected money.

Recommendation

Those collecting cash should always count the funds in the presence of a witness to confirm that funds collected are accurate and any differences resolved. Cash Count forms should be completed and signed by the individual responsible for the cash and at least one witness.

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

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

Rancho Cucamonga, California
December 16, 2024