Financial Statements
June 30, 2020

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 Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rialto Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rialto Unified School District, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on pages 76 through 77, schedule of changes in the District's net OPEB liability and related ratios on page 78, schedule of District contribution for OPEB on page 79, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 80, schedule of the District's proportionate share of the net pension liability on page 81, and the schedule of District contributions on page 82, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rialto Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2020 on our consideration of Rialto Unified School 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 Rialto Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rialto Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2020

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, 2020, with comparative information for the year ended June 30, 2019. 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), as well as all liabilities (including deferred outflows of resources, long-term liabilities, and deferred inflows of resources). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

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

The Primary unit of the government is the 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 and liabilities and deferred outflows and 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 each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. 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 TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT'S GOVERNMENTAL ACTIVITIES

Net Position

The District's net position was $84,800,909 for the fiscal year ended June 30, 2020. Of this amount, $(232,481,381) 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	
	2020	2019
Assets		
Current and other assets	$ 204,734,434	$ 160,496,019
Capital assets	353,422,106	355,221,672
Total assets	558,156,540	515,717,691
Deferred outflows of resources	91,803,520	92,162,912
Liabilities		
Current liabilities	38,321,201	41,586,408
Long-term liabilities	506,277,979	451,506,195
Total liabilities	544,599,180	493,092,603
Deferred inflows of resources	20,559,971	15,349,124
Net Position		
Net investment in capital assets	259,775,717	231,391,859
Restricted	57,506,573	56,508,272
Unrestricted (Deficit)	(232,481,381)	(188,461,255)
Total net position	$ 84,800,909	$ 99,438,876

The $(232,481,381) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 23.4 percent ($(232,481,381) compared to $(188,461,255)).

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 15. 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 2020	Governmental Activities 2019
Revenues		
Program revenues		
Charges for services	$ 1,443,632	$ 43,574
Operating grants and contributions	74,937,194	73,743,580
Capital grants and contributions	397,621	30,102
General revenues		
Federal and State aid not restricted	259,473,896	256,465,686
Property taxes	41,403,895	41,385,248
Other general revenues	9,673,733	7,872,192
Total revenues	387,329,971	379,540,382
Expenses		
Instruction-related	267,597,313	261,777,339
Pupil services	54,583,715	53,618,598
Administration	17,017,445	20,116,692
Plant services	30,064,763	34,164,883
Other	32,704,702	25,550,474
Total expenses	401,967,938	395,227,986
Change in net position	$ (14,637,967)	$ (15,687,604)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $401,967,938. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $41,403,895 because the cost was paid by those who benefited from the programs ($1,443,632) or by other governments and organizations who subsidized certain programs with grants and contributions ($75,334,815). We paid for the remaining "public benefit" portion of our governmental activities with $259,473,896 in State funds, and with $9,673,733 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 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	
	2020	2019	2020	2019
Instruction	$ 267,597,313	$ 261,777,339	$ 221,446,330	$ 215,812,185
Pupil services	54,583,715	53,618,598	29,006,198	29,501,464
Administration	17,017,445	20,116,692	14,433,525	17,658,906
Plant services	30,064,763	34,164,883	29,639,493	32,977,566
All other services	32,704,702	25,550,474	30,663,945	25,460,609
Total	$ 401,967,938	$ 395,227,986	$ 325,189,491	$ 321,410,730

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $166,679,960, which is an increase of $36,763,072 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
General	$ 76,304,556	$ 343,939,619	$ 340,290,099	$ 79,954,076
Adult Education	461,864	1,210,565	1,183,611	488,818
Child Development	815,136	4,978,486	4,753,258	1,040,364
Cafeteria	21,720,950	19,296,410	16,146,445	24,870,915
Building	4,042,949	29,815,794	2,217,684	31,641,059
Capital Facilities	8,984,213	2,270,060	4,015,325	7,238,948
County School Facilities	1,563,538	397,621	309,089	1,652,070
Special Reserve Fund for Capital Outlay Projects	5,332,097	4,220,167	1,796,851	7,755,413
Bond Interest and Redemption	10,691,585	10,429,686	9,082,974	12,038,297
Total	$ 129,916,888	$ 416,558,408	$ 379,795,336	$ 166,679,960

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased $76.3 million to $79.9 million. This increase was primarily due to the savings generated during the COVID-19 mandatory shut down of school sites.
2. The primary reason for the increase in the governmental funds arises from the sale of Measure Y Series D bonds. The bonds were sold in December 2019, increasing the fund balance in the Building Fund by $29.5 million.
3. Our special revenue funds had an increase from the prior year showing a net increase of approximately $2.4 million. This change was a contribution from the General Fund to support several capital facilities projects.
4. The debt service funds showed an increase $1.3 million.

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 24, 2020. (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 77).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $353,422,106 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of just under $1,799,566, or 0.5 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 47,205,065	$ 70,957,812
Buildings and improvements	290,372,704	271,545,298
Equipment	15,844,337	12,718,562
Total	$ 353,422,106	$ 355,221,672

This year's additions of $17,198,772 included several vehicles, cafeteria equipment and classroom equipment such as computers. 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 2019-2020 year. We anticipate capital additions to be $17 million for the 2019-2020 year. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $506,277,979 in long-term liabilities outstanding versus $461,651,744 last year, an increase of 9.7 percent. We present more detailed information about our long-term liabilities in Note 8, 9, and 12 to the financial statements. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 140,601,395	$ 112,077,634
Unamortized debt premiums	3,295,878	2,559,517
Unamortized debt discounts	(406,618)	(477,851)
Lease financing - energy upgrades	9,407,844	10,064,391
Energy efficiency financing	735,212	866,893
City Rialto redevelopment agency loan	4,324,580	4,357,824
Compensated absences	1,014,249	1,068,731
Supplemental early retirement plan	6,550,926	8,826,180
Net OPEB liability	31,090,552	28,435,833
Aggregate net pension liability	309,663,961	293,872,592
Total	$ 506,277,979	$ 461,651,744

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020 ARE NOTED BELOW:

The school district completed the construction of the Eisenhower High School Theatre, giving their students a state of the art facility. The project represented a $12 million project that included the renovation of the band room.

Playgrounds were replaced at four different schools; Boyd (2 Primary playground & 1 Kindergarten playground), Garcia, Dunn and Morgan Elementary School.

In preparation for full day kindergarten, several schools underwent modernization of their kindergarten classrooms. The district has projects currently at Casey, Dollahan, Dunn, and Morgan Elementary Schools.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-2021 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.

However, due to the COVID pandemic faced by the nation, the state had to adopt measure to provide the safest learning modalities. Senate Bill 98 was enacted by California Governor Newsom on July 17, 2020 to establish how instruction would be provide in the state. Senate Bill 98 suspended the adoption of the 2020-2021 LCAP alongside the budget, instead each district was required to adopt a Learning Continuity and Attendance Plan by September 30, 2020.

The Rialto Unified School District budget was adopted on June 24, 2020 for the 2020-2021 school year. The district developed a cautious budget as the financial impact of the COVID pandemic is unknown. Revenues were forecast with no adjustment for cost of living. Expenditures were modified to reflect the necessary costs of providing distance learning, as well as additional costs to prevent to propagation of COVID-19 if in person instruction resumes. 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 Associate Superintendent, Business Services, at Rialto Unified School District, 182 E. Walnut Ave., Rialto, California, 92378.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 151,243,936	$ 183,176	$ 151,427,112
Receivables	52,395,751	20,408	52,416,159
Prepaid items	334,431	-	334,431
Stores inventories	760,316	-	760,316
Capital assets not depreciated	47,205,065	-	47,205,065
Capital assets, net of accumulated depreciation	306,217,041	-	306,217,041
Total assets	558,156,540	203,584	558,360,124
Deferred Outflows of Resources			
Deferred charge on refunding	1,414,041	-	1,414,041
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	4,197,189	-	4,197,189
Deferred outflows of resources related to pensions	86,192,290	-	86,192,290
Total deferred outflows of resources	91,803,520	-	91,803,520
Liabilities			
Accounts payable	36,324,300	587	36,324,887
Interest payable	266,727	-	266,727
Unearned revenue	1,730,174	-	1,730,174
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	9,253,641	-	9,253,641
Long-term liabilities other than OPEB and pensions due in more than one year	156,269,825	-	156,269,825
Net other postemployment benefits liabilities	31,090,552	-	31,090,552
Aggregate net pension liabilities	309,663,961	-	309,663,961
Total liabilities	$ 544,599,180	587	544,599,767

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	$ 2,622,575	$ -	$ 2,622,575
Deferred inflows of resources related to pensions	17,937,396	-	17,937,396
Total deferred inflows of resources	20,559,971	-	20,559,971
Net Position			
Net investment in capital assets	259,775,717	-	259,775,717
Restricted for			
Debt service	11,771,570	-	11,771,570
Capital projects	8,881,568	-	8,881,568
Educational programs	11,718,863	-	11,718,863
Child nutrition	23,870,016	-	23,870,016
Other restrictions	1,264,556	-	1,264,556
Unrestricted	(232,481,381)	202,997	(232,278,384)
Total net position	$ 84,800,909	$ 202,997	$ 85,003,906

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	$ 223,118,673	$ 6,321	$ 37,361,293	$ 397,621	$ (185,353,438)	$ -	$ (185,353,438)
Instruction-related activities							
Supervision of instruction	14,078,140	186	5,097,631	-	(8,980,323)	-	(8,980,323)
Instructional library, media, and technology	4,817,832	-	202,959	-	(4,614,873)	-	(4,614,873)
School site administration	25,582,668	-	3,084,972	-	(22,497,696)	-	(22,497,696)
Pupil services							
Home-to-school transportation	9,649,540	-	1,483,938	-	(8,165,602)	-	(8,165,602)
Food services	15,536,845	57,052	17,725,756	-	2,245,963	-	2,245,963
All other pupil services	29,397,330	-	6,310,771	-	(23,086,559)	-	(23,086,559)
Administration							
Data processing	5,713,116	3,057	1,485	-	(5,708,574)	-	(5,708,574)
All other administration	11,304,329	2,789	2,576,589	-	(8,724,951)	-	(8,724,951)
Plant services	30,064,763	680	424,590	-	(29,639,493)	-	(29,639,493)
Interest on long-term liabilities	8,526,605	-	-	-	(8,526,605)	-	(8,526,605)
Other outgo	5,185,650	1,373,547	667,210	-	(3,144,893)	-	(3,144,893)
Depreciation (unallocated)	18,992,447	-	-	-	(18,992,447)	-	(18,992,447)
Total governmental activities	401,967,938	1,443,632	74,937,194	397,621	(325,189,491)	-	(325,189,491)
Business-Type Activities							
Enterprise services	6,084	172,184	-	-	-	166,100	166,100
Total primary government	$ 401,974,022	$ 1,615,816	$ 74,937,194	$ 397,621	(325,189,491)	166,100	(325,023,391)
General Revenues and Subventions							
Property taxes, levied for general purposes					28,889,159	-	28,889,159
Property taxes, levied for debt service					8,972,033	-	8,972,033
Taxes levied for other specific purposes					3,542,703	-	3,542,703
Federal and State aid not restricted to specific purposes					259,473,896	-	259,473,896
Interest and investment earnings					1,601,356	862	1,602,218
Interagency revenues					11,667	-	11,667
Miscellaneous					8,060,710	-	8,060,710
Subtotal, general revenues					310,551,524	862	310,552,386
Change in Net Position					(14,637,967)	166,962	(14,471,005)
Net Position - Beginning					99,438,876	36,035	99,474,911
Net Position - Ending					$ 84,800,909	$ 202,997	$ 85,003,906

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 64,699,953	$ 23,935,891	$ 32,069,631	$ 30,538,461	$ 151,243,936
Receivables	48,359,179	2,970,888	149,632	916,052	52,395,751
Due from other funds	3,268,160	102,655	-	2,000,474	5,371,289
Prepaid expenditures	324,981	-	-	9,450	334,431
Stores inventories	169,177	591,139	-	-	760,316
Total assets	$ 116,821,450	$ 27,600,573	$ 32,219,263	$ 33,464,437	$ 210,105,723
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 33,034,420	$ 556,729	$ 578,204	$ 2,154,947	$ 36,324,300
Due to other funds	2,102,780	2,172,929	-	1,095,580	5,371,289
Unearned revenue	1,730,174	-	-	-	1,730,174
Total liabilities	36,867,374	2,729,658	578,204	3,250,527	43,425,763
Fund Balances					
Nonspendable	599,158	591,139	-	9,450	1,199,747
Restricted	11,718,863	23,870,016	31,641,059	22,184,421	89,414,359
Assigned	57,423,931	409,760	-	8,020,039	65,853,730
Unassigned	10,212,124	-	-	-	10,212,124
Total fund balances	79,954,076	24,870,915	31,641,059	30,213,910	166,679,960
Total liabilities and fund balances	$ 116,821,450	$ 27,600,573	$ 32,219,263	$ 33,464,437	$ 210,105,723

Total Fund Balance - Governmental Funds		$ 166,679,960
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	$ 594,887,604	
Accumulated depreciation is	(241,465,498)	
Net capital assets		353,422,106
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.		(266,727)
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	1,414,041	
Other postemployment benefits	4,197,189	
Net pension obligation	86,192,290	
Total deferred outflows of resources		91,803,520
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	(2,622,575)	
Net pension obligation	(17,937,396)	
Total deferred inflows of resources		(20,559,971)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(309,663,961)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(31,090,552)

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	$ (107,930,552)	
Unamortized premium on issuance	(3,295,878)	
Unamortized discount on issuance	406,618	
Lease financing - energy upgrades	(9,407,844)	
Energy efficiency financing	(735,212)	
City of Rialto redevelopment agency loan	(4,324,580)	
Compensated absences (vacations)	(1,014,249)	
Supplemental early retiremennt plan	(6,550,926)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(32,670,843)	
Total long-term liabilities		(165,523,466)
Total net position - governmental activities		$ 84,800,909

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 281,031,623	$ -	$ -	$ -	$281,031,623
Federal sources	16,171,129	17,637,227	-	-	33,808,356
Other State sources	29,887,793	902,300	-	5,381,264	36,171,357
Other local sources	16,849,074	756,883	278,984	12,253,322	30,138,263
Total revenues	343,939,619	19,296,410	278,984	17,634,586	381,149,599
Expenditures					
Current					
Instruction	202,125,207	-	-	3,853,013	205,978,220
Instruction-related activities					
Supervision of instruction	12,988,875	-	-	80,228	13,069,103
Instructional library, media, and technology	4,588,620	-	-	-	4,588,620
School site administration	22,353,750	-	-	1,331,939	23,685,689
Pupil services					
Home-to-school transportation	9,430,452	-	-	-	9,430,452
Food services	27,493	15,182,654	-	-	15,210,147
All other pupil services	27,082,097	-	-	231,502	27,313,599
Administration					
Data processing	5,534,547	-	-	-	5,534,547
All other administration	11,965,891	771,971	-	288,918	13,026,780
Plant services	31,353,934	191,820	-	151,454	31,697,208
Other outgo	80,189	-	-	-	80,189
Facility acquisition and construction	6,352,366	-	1,848,409	6,121,080	14,321,855
Debt service					
Principal	821,471	-	-	5,380,000	6,201,471
Interest and other	479,746	-	369,275	3,702,974	4,551,995
Total expenditures	335,184,638	16,146,445	2,217,684	21,141,108	374,689,875
Excess (Deficiency) of Revenues Over Expenditures	8,754,981	3,149,965	(1,938,700)	(3,506,522)	6,459,724
Other Financing Sources (Uses)					
Transfers in	-	-	-	5,105,461	5,105,461
Other sources - bond proceeds	-	-	29,356,650	-	29,356,650
Other sources - premium on issuance	-	-	180,160	766,538	946,698
Transfers out	(5,105,461)	-	-	-	(5,105,461)
Net Financing Sources (Uses)	(5,105,461)	-	29,536,810	5,871,999	30,303,348
Net Change in Fund Balances	3,649,520	3,149,965	27,598,110	2,365,477	36,763,072
Fund Balance - Beginning	76,304,556	21,720,950	4,042,949	27,848,433	129,916,888
Fund Balance - Ending	$ 79,954,076	$ 24,870,915	$ 31,641,059	$ 30,213,910	$166,679,960

Total Net Change in Fund Balances - Governmental Funds		$ 36,763,072
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays 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 expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (18,992,447)	
Capital outlays	17,198,772	
Net expense adjustment		(1,793,675)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(4,547,111)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(5,891)
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.		2,275,254
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.		54,482
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 net pension liability during the year.		(20,606,003)

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.	$ (3,248,719)
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.	(29,356,650)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(946,698)
Premium amortization	207,597
Discount amortization	(71,233)
Deferred amount on refunding amortization	(161,605)
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	5,380,000
Lease financing - energy efficiency	656,547
Energy efficiency financing	131,681
City of Rialto Redevelopment Agency loan	33,244
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.	597,741
Change in net position of governmental activities	$ (14,637,967)

	Enterprise Fund
Assets	
Current assets	
Deposits and investments	$ 183,176
Receivables	20,408
Total assets	203,584
Liabilities	
Current liabilities	
Accounts payable	587
Net Position	
Unrestricted	$ 202,997

	Enterprise Fund
Operating Revenues	
Charges for services	$ 172,184
Operating Expenses	
Other operating cost	6,084
Operating Income	166,100
Nonoperating Revenues	
Interest income	862
Change in Net Position	166,962
Total Net Position - Beginning	36,035
Total Net Position - Ending	$ 202,997

		Enterprise Fund
Operating Activities		
Cash receipts from customers	$	177,622
Cash payments to other suppliers of goods or services		(7,828)
Net Cash From Operating Activities		169,794
Investing Activities		
Interest on investments		862
Net Change in Cash and Cash Equivalents		170,656
Cash and Cash Equivalents, Beginning		12,520
Cash and Cash Equivalents, Ending	$	183,176
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	$	166,100
Changes in assets and liabilities		
Receivables		5,438
Accrued liabilities		587
Due to other fund		(2,331)
Net Cash From Operating Activities	$	169,794

	Agency Funds
Assets	
Deposits and investments	$ 1,384,444
Liabilities	
Due to student groups	$ 1,384,444

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, five middle, three high schools, a continuation high school, an alternative high school, an adult 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. Lease financing – energy upgrades liability secured by the Corporation 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 on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

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

Major Governmental Funds

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

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) do 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, these funds function effectively as extensions of the General Fund, and accordingly have 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 $6,969,462.

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.

- **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 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 a local educational agency (*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.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

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, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*. 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 funds are aggregated and presented in a single column. In the proprietary fund financial statements, the District's single 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 changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose 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 entity-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.

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 and expenses in the proprietary funds when consumed rather than when purchased.

Capital Assets and Depreciation

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.

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, capital 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. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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 deferred charges on refunding of debt, 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.

Fund Balances - Governmental Funds

As of June 30, 2020, 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. The District currently does not have any committed funds.

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 on-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 $57,506,573 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.

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	$ 151,243,936
Proprietary funds	183,176
Fiduciary funds	1,384,444
Total deposits and investments	$ 152,811,556

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	$ 1,384,444
Cash with fiscal agent	160
Cash in revolving	105,000
Investments	151,321,952
Total deposits and investments	$ 152,811,556

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by 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

The District maintains an investment of $151,321,952 with the San Bernardino County Treasury Investment Pool which has a weighted average maturity of 553 days.

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.

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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of $1,239,656 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 - Receivables

Receivables at June 30, 2020, 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	$ 5,212,208	$ 2,820,600	$ -	$ -	$ 8,032,808	$ -
State Government						
LCFF apportionment	35,552,298	-	-	-	35,552,298	-
Categorical aid	3,163,249	-	-	787,511	3,950,760	-
Lottery	1,247,603	-	-	-	1,247,603	-
Special education	2,154,593	-	-	-	2,154,593	-
Local Government						-
Interest	408,352	92,834	149,632	82,279	733,097	420
Other local sources	620,876	57,454	-	46,262	724,592	19,988
Total	$ 48,359,179	$ 2,970,888	$ 149,632	$ 916,052	$ 52,395,751	$ 20,408

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 39,752,485	$ -	$ -	$ 39,752,485
Construction in progress	31,205,327	11,195,078	(34,947,825)	7,452,580
Total capital assets not being depreciated	70,957,812	11,195,078	(34,947,825)	47,205,065
Capital assets being depreciated				
Land improvements	42,099,520	3,330,382	-	45,429,902
Buildings and improvements	430,829,897	32,320,531	-	463,150,428
Furniture and equipment	33,862,092	5,300,606	(60,489)	39,102,209
Total capital assets being depreciated	506,791,509	40,951,519	(60,489)	547,682,539
Total capital assets	577,749,321	52,146,597	(35,008,314)	594,887,604
Accumulated depreciation				
Land improvements	(16,685,986)	(2,013,526)	-	(18,699,512)
Buildings and improvements	(184,698,133)	(14,809,981)	-	(199,508,114)
Furniture and equipment	(21,143,530)	(2,168,940)	54,598	(23,257,872)
Total accumulated depreciation	(222,527,649)	(18,992,447)	54,598	(241,465,498)
Governmental activities capital assets, net	$ 355,221,672	$ 33,154,150	$ (34,953,716)	$ 353,422,106

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

Governmental Activities	
Unallocated	$ 18,992,447

Note 5 - 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, 2020, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 2,172,929	$ 1,095,231	$ 3,268,160
Cafeteria Fund	102,655	-	-	102,655
Non-Major Governmental Funds	2,000,125	-	349	2,000,474
Total	$ 2,102,780	$ 2,172,929	$ 1,095,580	$ 5,371,289

The balance of $2,000,030 due to the Special Reserve Non-Major Govermental Fund for Capital Outlay Projects from the General Fund resulted from balances owed for various capital outlay projects.

The balance of $145,874 due to the Adult Education Non-Major Governmental Fund from the General Fund resulted from reimbursement of payroll, benefits, and indirect costs.

The balance of $949,357 due to the Child Development Non-Major Governmental Fund from the General Fund resulted from reimbursement of payroll, benefits, and indirect costs.

The balance of $2,172,929 due to the Cafeteria Fund from the General Fund resulted from reimbursement of payroll, benefits, and indirect costs.

All other balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to cover the costs associated with the construction and renovation of the District's Special Education Department.	$ 4,000,000
The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to support the District's preschool program.	1,105,461
Total	$ 5,105,461

Note 6 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Funds
Vendor payables	$ 12,358,888	$ 186,682	$ 578,204	$ 2,010,975	$ 15,134,749	$ 587
State LCFF apportionment	11,464,388	-	-	-	11,464,388	-
Salaries and benefits	7,560,857	370,047	-	143,771	8,074,675	-
Due to CALPERS	1,315,884	-	-	-	1,315,884	-
Other	334,403	-	-	201	334,604	-
Total	$ 33,034,420	$ 556,729	$ 578,204	$ 2,154,947	$ 36,324,300	$ 587

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund
Federal financial assistance	$ 1,061,083
Other local	669,091
Total	$ 1,730,174

Note 8 - 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, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 112,077,634	$ 33,903,761	$ (5,380,000)	$ 140,601,395	$ 6,230,000
Unamortized debt premiums	2,559,517	946,698	(210,337)	3,295,878	-
Unamortized debt discounts	(477,851)	-	71,233	(406,618)	-
Lease financing - energy upgrades	10,064,391	-	(656,547)	9,407,844	674,274
Energy efficiency financing	866,893	-	(131,681)	735,212	131,680
City of Rialto redevelopment agency loan	4,357,824	-	(33,244)	4,324,580	34,045
Compensated absences	1,068,731	-	(54,482)	1,014,249	-
Supplemental early retirement plan	8,826,180	-	(2,275,254)	6,550,926	2,183,642
Total	$ 139,343,319	$ 34,850,459	$ (8,670,312)	$ 165,523,466	$ 9,253,641

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. Payments for the supplemental early retirement plan, City of Rialto redevelopment agency loan, lease financing – energy upgrades, and energy efficiency financing are paid by the General Fund. Participation. The compensated absences will be paid by the General Fund, the Adult Education Fund, and the Cafeteria Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
6/1/2000	6/1/2025	4.75 - 6.25%	$ 19,995,038	$ 8,081,813	$ -	$ 512,270	$ -	$ 8,594,083
3/17/2011	8/1/2041	7.35%	26,932,187	49,490,821		3,936,142		53,426,963
3/17/2011	8/1/2026	5.28 - 6.91%	9,695,000	9,695,000			(280,000)	9,415,000
5/17/2012	8/1/2028	2.00 - 5.00%	29,865,000	21,355,000	-	-	(1,895,000)	19,460,000
3/26/2015	8/1/2027	1.26 - 4.13%	32,015,000	23,455,000	-	-	(3,205,000)	20,250,000
12/5/2019	8/1/2044	2.00 - 4.00%	29,356,650	-	29,356,650	98,699	-	29,455,349
				$ 112,077,634	$ 29,356,650	$ 4,547,111	$ (5,380,000)	$ 140,601,395

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 were issued at an aggregate price of $19,995,038 (representing the principal amount of $19,995,038 plus an original issue premium of $415,450 less cost of issuance of $415,450). The bonds have a final maturity to occur on June 1, 2025 and interest rates of 4.75 to 6.25 percent. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2020, the principal outstanding, including accreted interest, was $8,594,083.

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 appreciate 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, 2020, the principal outstanding, including accreted interest, was $53,426,963. Unamortized premium received on issuance amounted to $1,620,490.

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 were issued at an aggregate price of $8,481,968 (representing the principal amount of $9,695,000 less an issuance discount of $1,068,488 and cost of issuance of $144,544). The bonds have a final maturity to occur on August 1, 2026 and interest rates of 5.28 to 6.91 percent. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2020, the principal outstanding was $9,415,000. Unamortized discount on issuance was $406,618.

General Obligation Refunding Bonds, Series 2012

On May 17, 2012, Rialto Unified School District issued the General Obligation Bonds, Series 2012 in the amount of $29,865,000. The bonds were issued at an aggregate price of $31,100,676 (representing the principal amount of $29,865,000 plus an original issue premium of $1,716,066 less cost of issuance and underwriters' discount of $335,545 and $144,845, respectively). The bonds have a final maturity to occur on August 1, 2028 and interest rates of 2.00 to 5.00 percent. 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, 2020, the principal outstanding was $19,460,000. Unamortized premium received on issuance and deferred amount on refunding amounted to $750,779 and $1,414,041, respectively.

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 were issued at an aggregate price of $31,732,873 (representing the principal amount of $32,015,000 less cost of issuance and underwriters' discount of $186,082 and $96,045, respectively). The bonds have a final maturity to occur on August 1, 2027 and interest rates of 1.26 to 4.13 percent. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2020, the principal outstanding was $20,250,000.

2010 General Obligation Bonds, Series 2019

On December 5, 2019, Rialto Unified School District issued the 2010 General Obligation Refunding 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 were issued at an aggregate price of $29,888,188 (representing the principal amount of $29,356,650 plus an original issue premium of $946,698 less cost of issuance of $415,160). The bonds have a final maturity to occur on August 1, 2044 and interest rates of 2.00 to 4.00 percent. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2020, the principal outstanding, including accreted interest, was $29,455,349. Unamortized premium on issuance amounted to $924,608.

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2021	$ 6,230,000	$ -	$ 2,151,372	$ 8,381,372
2022	6,830,000	-	1,864,218	8,694,218
2023	7,505,000	-	1,585,563	9,090,563
2024	7,800,000	-	1,294,165	9,094,165
2025	16,939,084	3,090,916	994,696	17,933,780
2026-2030	27,644,293	7,555,707	14,471,003	42,115,296
2031-2035	4,710,157	5,469,843	18,825,188	23,535,345
2036-2040	28,392,077	36,132,923	16,018,406	44,410,483
2041-2045	34,550,784	31,549,216	1,834,928	36,385,712
Total	$ 140,601,395	$ 83,798,605	$ 59,039,539	$ 199,640,934

Lease Financing – Energy Upgrade

On October 27, 2017, the Rialto Unified School District entered into a lease/purchase agreement with the Rialto Unified School District School Facilities Corporation (the Corporation). The terms of the agreement stipulates 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. Lease payment period commences on March 30, 2018 and the final lease payment is set to occur on March 30, 2032. At June 30, 2020, the principal balance outstanding was $9,407,844.

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 674,274	$ 254,012	$ 928,286
2022	692,479	235,806	928,285
2023	711,176	217,109	928,285
2024	730,378	197,908	928,286
2025	750,098	178,187	928,285
2026-2030	4,065,440	575,987	4,641,427
2031-2032	1,783,999	72,573	1,856,572
Total	$ 9,407,844	$ 1,731,582	$ 11,139,426

Energy Efficiency Financing

On January 24, 2019, the District entered into an 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, 2020, the remaining balance was $735,212.

The future remaining payments are as follows:

Year Ending June 30,	Principal
2021	$ 131,680
2022	131,680
2023	131,680
2024	131,680
2025	131,680
2026	76,812
Total	$ 735,212

Financed building under the financing agreement in capital assets at June 30, 2020 include the following:

Buildings	$ 19,106,580	*
Less accumulated depreciation	(557,275)	
Total	$ 18,549,305	

* The amount financed by the District funded a portion of the total cost of the project. The total related capital assets were funded using amount financed in conjunction with other local sources.

Amortization of leased buildings under capital assets is included in depreciation expense.

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, 2020, the principal balance outstanding was $4,324,580.

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 34,045	$ 206,345	$ 240,390
2022	35,647	204,643	240,290
2023	38,050	202,861	240,911
2024	38,851	200,958	239,809
2025	40,053	199,016	239,069
2026-2030	617,503	956,988	1,574,491
2031-2035	2,234,640	618,943	2,853,583
2036	1,285,791	120,386	1,406,177
Total	$ 4,324,580	$ 2,710,140	$ 7,034,720

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $1,014,249.

Supplemental Early Retirement Plan (SERP)

During 2018-2019 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 172 employees who retired during the 2018-2019 school year, were purchased from United of Omaha Life Insurance Company. As of June 30, 2020, the total balance of outstanding obligations for the supplemental early retirement plan was $6,550,926.

Future payments for the SERP are as follows:

Year Ending June 30,	Future Payments
2021	$ 2,183,642
2022	2,183,642
2023	2,183,642
Total	$ 6,550,926

Note 9 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, 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	$ 29,558,419	$ 4,197,189	$ 2,622,575	$ 3,432,628
Medicare Premium Payment (MPP) Program	1,532,133	-	-	(13,915)
Total	$ 31,090,552	$ 4,197,189	$ 2,622,575	$ 3,418,713

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, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	250
Active employees	1,893
Total	2,143

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, 2019, the District contributed $1,768,631 to the Plan to fund the OPEB Trust. The District contributed $2,188,863 to the Plan during the current fiscal year.

Net OPEB Liability of the District

The District's net OPEB liability of $29,558,419 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 39,173,755
Plan fiduciary net position	(9,615,336)
Net OPEB liability	$ 29,558,419
Plan fiduciary net position as a percentage of the total OPEB liability	24.55%

Actuarial Assumptions

Net total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00	percent
Salary increases	3.00	percent, average, including inflation
Investment rate of return	5.50	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.90	percent for 2019

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

Mortality rates were based on the RP-2014 employee mortality table. 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, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

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, 2019	$ 37,344,252	$ 8,908,419	$ 28,435,833
Service cost	1,324,117	-	1,324,117
Interest	2,267,816	-	2,267,816
Employer contributions	-	1,768,631	(1,768,631)
Net investment income	-	708,849	(708,849)
Changes of benefit terms	494,652	-	494,652
Difference between expected and actual experience	(2,810,578)	-	(2,810,578)
Changes of assumptions and other inputs	2,322,127	-	2,322,127
Benefit payments	(1,768,631)	(1,768,631)	-
Administrative expense	-	(1,932)	1,932
Net change in total OPEB liability	1,829,503	706,917	1,122,586
Balance, June 30, 2020	$ 39,173,755	$ 9,615,336	$ 29,558,419

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 5.00 percent in 2018 to 5.90 percent in 2019.

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 (4.50%)	$ 32,374,630
Current discount rate (5.50%)	29,558,419
1% increase (6.50%)	26,946,297

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 (4.90%)	$ 26,247,185
Current healthcare cost trend rate (5.90%)	29,558,419
1% increase (6.90%)	33,346,965

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

At June 30,2020, 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	$ 2,188,863	$ -
Differences between expected and actual experience	-	2,430,770
Changes of assumptions	2,008,326	-
Net difference between projected and actual earnings on OPEB plan investments	-	191,805
Total	$ 4,197,189	$ 2,622,575

Amounts reported as 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
2021	$ (119,452)
2022	(119,452)
2023	(116,438)
2024	(100,489)
2025	(66,009)
Thereafter	(92,409)
Total	$ (614,249)

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, 2018 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, 2020, the District reported a liability of $1,532,133 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, respectively, was 0.4114 percent, and 0.4039 percent, resulting in a net increase in the proportionate share of 0.0075 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(13,915).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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 our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) 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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 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 OPEB Liability
1% decrease (2.50%)	$ 1,671,909
Current discount rate (3.50%)	1,532,133
1% increase (4.50%)	1,403,618

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 pension 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 Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 1,436,067
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,532,133
1% increase (4.7% Part A and 5.1% Part B)	1,724,024

Note 10 - 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	$ -	$ -	$ -	$ 105,000
Stores inventories	169,177	591,139	-	-	760,316
Prepaid expenditures	324,981	-	-	9,450	334,431
Total nonspendable	599,158	591,139	-	9,450	1,199,747
Restricted					
Legally restricted programs	11,718,863	-	-	1,264,556	12,983,419
Food service	-	23,870,016	-	-	23,870,016
Capital projects	-	-	31,641,059	8,881,568	40,522,627
Debt services	-	-	-	12,038,297	12,038,297
Total restricted	11,718,863	23,870,016	31,641,059	22,184,421	89,414,359
Assigned					
1:1 Devices	20,000,000	-	-	-	20,000,000
Donation carryover	1,200,000	-	-	-	1,200,000
COVID-19	13,059,821	-	-	-	13,059,821
Costs in excess of COLA	16,197,825	-	-	-	16,197,825
Deferred maintenance	6,966,285	-	-	-	6,966,285
Child care	-	-	-	264,626	264,626
Capital outlay	-	-	-	7,755,413	7,755,413
Other	-	409,760	-	-	409,760
Total assigned	57,423,931	409,760	-	8,020,039	65,853,730
Unassigned					
Reserve for economic uncertainties	10,212,124	-	-	-	10,212,124
Total	$ 79,954,076	$ 24,870,915	$ 31,641,059	$ 30,213,910	$ 166,679,960

Note 11 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPA's) for its health and welfare benefits, and property/liability insurance. Refer to Note 15 for additional information regarding the JPA's.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, 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 2020, 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 health 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 12 - 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, 2020, 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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 210,050,732	$ 60,595,280	$ 17,013,465	$ 28,342,016
CalPERS	99,613,229	25,597,010	923,931	18,111,346
Total	$ 309,663,961	$ 86,192,290	$ 17,937,396	$ 46,453,362

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, 2018, 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 percent 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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

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 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $21,588,111.

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

At June 30, 2020, 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	$ 210,050,732
State's proportionate share of the net pension liability	114,596,698
Total	$ 324,647,430

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.2326 percent and 0.2250 percent, resulting in a net increase in the proportionate share of 0.0076 percent.

For the year ended June 30, 2020, the District recognized pension expense of $28,342,016. In addition, the District recognized pension expense and revenue of $17,065,919 for support provided by the State. At June 30, 2020, 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	$ 21,588,111	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	11,910,075	3,003,261
Differences between projected and actual earnings on pension plan investments	-	8,091,218
Differences between expected and actual experience in the measurement of the total pension liability	530,267	5,918,986
Changes of assumptions	26,566,827	-
Total	$ 60,595,280	$ 17,013,465

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (816,138)
2022	(6,423,475)
2023	(1,333,612)
2024	482,007
Total	$ (8,091,218)

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
2021	$ 8,579,516
2022	8,579,518
2023	6,218,141
2024	6,689,117
2025	(285,769)
Thereafter	304,399
Total	$ 30,084,922

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	-3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed 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 (7.10 percent) and assuming 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%)	$ 312,782,928
Current discount rate (7.10%)	210,050,732
1% increase (8.10%)	124,866,178

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, 2018 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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

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 the 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, 2020, are presented above and the total District contributions were $9,999,391.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $99,613,229. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.3418 percent and 0.3266 percent, resulting in a net increase in the proportionate share of 0.0152 percent.

For the year ended June 30, 2020, the District recognized pension expense of $18,111,346. At June 30, 2020, 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	$ 9,999,391	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,619,800	-
Differences between projected and actual earnings on pension plan investments	-	923,931
Differences between expected and actual experience in the measurement of the total pension liability	7,235,919	-
Changes of assumptions	4,741,900	-
Total	$ 25,597,010	$ 923,931

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 912,022
2022	(1,821,736)
2023	(276,062)
2024	261,845
Total	$ (923,931)

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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 9,078,424
2022	4,320,937
2023	1,998,417
2024	199,841
Total	$ 15,597,619

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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. 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 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 (6.15%)	$ 143,585,920
Current discount rate (7.15%)	99,613,229
1% increase (8.15%)	63,134,845

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 $17,065,919 (10.328 percent 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Note 13 - 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, 2020.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Carter High shade structures	$ 81,840	12/31/2020
Eisenhower High gym bleachers	123,690	6/30/2021
Eisenhower High building L	32,670	6/30/2021
Morgan Elementary relocatables	648,144	9/30/2020
Dollahan Elementary relocatables	3,744	8/30/2021
Dunn Elementary relocatables	106	7/31/2020
Casey Elementary full-day kindergarten	1,305,691	10/31/2020
Dunn Elementary full-day kindergarten	580,026	9/30/2020
Morgan Elementary full-day kindergarten	515,210	09/30/20
Total	$ 3,291,121	

Note 14 - 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 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, 2020, the District made payments of $2,022,865 and $5,385,143 to SCR and PIPS, respectively.

Note 15 - Subsequent Events

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Rialto Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 280,842,225	$ 280,833,812	$ 281,031,623	$ 197,811
Federal sources	17,639,278	21,646,601	16,171,129	(5,475,472)
Other State sources	23,023,366	30,691,570	29,887,793	(803,777)
Other local sources	11,264,096	13,397,920	16,849,074	3,451,154
Total revenues [1]	332,768,965	346,569,903	343,939,619	(2,630,284)
Expenditures				
Current				
Certificated salaries	131,364,269	130,559,777	129,912,129	647,648
Classified salaries	48,703,999	48,962,212	48,227,500	734,712
Employee benefits	89,590,719	94,667,338	94,895,046	(227,708)
Books and supplies	10,926,232	15,233,841	11,655,099	3,578,742
Services and operating expenditures	51,402,320	53,106,290	42,346,375	10,759,915
Capital outlay	7,149,985	5,859,596	5,381,441	(5,381,441)
Other outgo	360,711	(113,865)	1,465,831	(1,579,696)
Debt service				
Debt service - principal	-	821,471	821,471	-
Debt service - interest and other	-	334,166	479,746	(145,580)
Total expenditures [1]	339,498,235	349,430,826	335,184,638	8,386,592
Excess (Deficiency) of Revenues Over Expenditures	(6,729,270)	(2,860,923)	8,754,981	11,615,904
Other Financing Uses				
Transfers out	(2,105,461)	(4,105,461)	(5,105,461)	(1,000,000)
Net Change in Fund Balances	(8,834,731)	(6,966,384)	3,649,520	10,615,904
Fund Balance - Beginning	76,304,556	76,304,556	76,304,556	-
Fund Balance - Ending	$ 67,469,825	$ 69,338,172	$ 79,954,076	$ 10,615,904

[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 are not included in the original and final General Fund budgets.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 13,692,248	$ 14,033,285	$ 17,637,227	$ 3,603,942
Other State sources	1,037,968	1,037,968	902,300	(135,668)
Other local sources	510,000	567,270	756,883	189,613
Total revenues	15,240,216	15,638,523	19,296,410	3,657,887
Expenditures				
Current				
Classified salaries	4,939,456	5,040,206	4,684,497	355,709
Employee benefits	2,047,359	2,080,091	2,371,994	(291,903)
Books and supplies	9,546,133	9,811,418	7,866,406	1,945,012
Services and operating expenditures	528,150	550,780	404,776	146,004
Capital Outlay	1,000,000	960,000	46,801	913,199
Other outgo	853,403	834,634	771,971	62,663
Total expenditures	18,914,501	19,277,129	16,146,445	3,130,684
Net Change in Fund Balances	(3,674,285)	(3,638,606)	3,149,965	6,788,571
Fund Balance - Beginning	21,720,950	21,720,950	21,720,950	21,720,950
Fund Balance - Ending	$ 18,046,665	$ 18,082,344	$ 24,870,915	$ 6,788,571

	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			
Contributions - employer	$ 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 the 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.

	2020	2019	2018
Actuarially determined contribution	$ 3,066,919	$ 3,081,579	$ 2,991,824
Contribution in relation to the actuarially determined contribution	2,188,863	2,241,452	4,651,439
Contribution deficiency (excess)	$ 878,056	$ 840,127	$ (1,659,615)
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Contributions as a percentage of covered payroll	N/A[1]	N/A[1]	N/A[1]

[1] 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.

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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.2326%	0.2250%	0.2300%	0.2280%	0.2290%	0.2020%
Proportionate share of the net pension liability	$ 210,050,732	$ 206,790,750	$ 212,704,000	$ 184,408,680	$ 154,171,960	$ 118,042,470
State's proportionate share of the net pension liability	114,596,698	118,397,956	125,834,915	104,996,028	81,539,753	71,280,019
Total	$ 324,647,430	$ 325,188,706	$ 338,538,915	$ 289,404,708	$ 235,711,713	$ 189,322,489
Covered payroll	$ 126,246,263	$ 120,818,288	$ 120,654,817	$ 116,779,730	$ 104,660,822	$ 100,458,242
Proportionate share of the net pension liability as a percentage of its covered payroll	166.38%	171.16%	176.29%	157.91%	147.31%	117.50%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.3418%	0.3266%	0.3192%	0.3108%	0.3249%	0.3270%
Proportionate share of the net pension liability	$ 99,613,229	$ 87,081,842	$ 76,201,465	$ 61,383,192	$ 47,890,581	$ 37,122,462
Covered payroll	$ 47,724,604	$ 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	208.73%	200.40%	183.39%	158.11%	133.69%	107.42%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 21,588,111	$ 20,578,638	$ 17,434,079	$ 15,178,376	$ 12,530,465	$ 9,293,881
Less contributions in relation to the contractually required contribution	21,588,111	20,578,638	17,434,079	15,178,376	12,530,465	9,293,881
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 126,246,263	$ 126,404,410	$ 120,818,288	$ 120,654,817	$ 116,779,730	$ 104,660,822
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 9,999,391	$ 8,620,018	$ 6,748,836	$ 5,770,703	$ 4,599,351	$ 4,216,681
Less contributions in relation to the contractually required contribution	9,999,391	8,620,018	6,748,836	5,770,703	4,599,351	4,216,681
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 50,704,280	$ 47,724,604	$ 43,453,969	$ 41,551,721	$ 38,822,917	$ 35,822,623
Contributions as a percentage of covered payroll	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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

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 State 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* – The healthcare trend rate was changed from 5.00 to 5.90 since the previous valuation.

Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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 3.87 percent to 3.50 percent 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 either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District 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, 2020

Rialto Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I Grants to Local Educational Agencies	84.010	14329	$ 8,496,590
Title I Grants to Local Educational Agencies - School Improvement Fund for LEAs	84.010	15438	54,633
Subtotal			8,551,223
English Language Acquisition State Grants - Immigrant Education	84.365	15146	10,060
English Language Acquisition State Grants - English Learner Student	84.365	14346	676,704
Subtotal			686,764
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	776,202
Student Support and Academic Enrichment Program	84.424	15396	611,541
Twenty-First Century Community Learning Centers	84.287	14349	237,500
Career and Technical Education - Basic Grants to States	84.048	14894	245,431
Passed Through East Valley SELPA			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	4,354,807
Special Education Grants to States - Private School ISP	84.027	10115	5,780
Special Education Grants to States - Mental Health	84.027	15197	282,031
Special Education Preschool Grants	84.173	13430	102,056
Special Education Preschool Grants - Capacity Building	84.173A	13839	32,000
Special Education Preschool Grants - Preschool Staff Development	84.173	13431	794
Total Special Education Cluster			4,777,468
Total U.S. Department of Education			15,886,129
U.S. Department of Defense			
Junior Reserve Officer Training Corps	12.357	[1]	285,000
Total U.S. Department of Defense			285,000
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	8,126,095
National School Lunch Program - Meal Supplements	10.555	13396	242,411
School Breakfast Program - Especially Needy Breakfast	10.553	13526	3,098,132
National School Lunch Program - Summer Food Program	10.559	13004	4,686,627
National School Lunch Program - Commodity Supplemental Food	10.555	13391	985,920
Total Child Nutrition Cluster			17,139,185
Fresh Fruit and Vegatable Program	10.582	14968	498,042
Total U.S. Department of Agriculture			17,637,227
Total Expenditures of Federal Awards			$ 33,808,356

[1] Direct funded program

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, five middle, three high schools, a continuation high school, an alternative high school, an adult school, a preschool program, and an infant program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Nancy G. O'Kelley	President	2020
Dina Walker	Vice President	2022
Joseph W. Martinez	Clerk	2020
Joseph Ayala	Member	2020
Edgar Montes	Member	2022

ADMINISTRATION

Dr. Cuauhtemoc Avila	Superintendent
Dr. Darren McDuffie	Lead Strategic Agent
Mohammad Z. Islam	Associate Superintendent, Business Services
Diane Romo	Lead Fiscal Services Agent

	Final Report	
	Second Period Report 38327767	Annual Report C849869E
Regular ADA		
Transitional kindergarten through third	7,074.12	7,074.12
Fourth through sixth	5,554.30	5,554.30
Seventh and eighth	3,878.83	3,878.83
Ninth through twelfth	7,508.08	7,508.08
Total Regular ADA	24,015.33	24,015.33
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.96	1.96
Fourth through sixth	2.60	2.60
Seventh and eighth	5.32	5.32
Ninth through twelfth	15.20	15.20
Total Special Education, Nonpublic, Nonsectarian Schools	25.08	25.08
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.04	0.06
Seventh and eighth	0.38	0.69
Ninth through twelfth	0.95	2.64
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.37	3.39
Total ADA	24,041.78	24,043.80

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,540	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		51,030	180	N/A	Complied
Grade 2		51,030	180	N/A	Complied
Grade 3		51,030	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,700	180	N/A	Complied
Grade 5		54,700	180	N/A	Complied
Grade 6		62,352	180	N/A	Complied
Grade 7		62,352	180	N/A	Complied
Grade 8		62,352	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,520	180	N/A	Complied
Grade 10		65,520	180	N/A	Complied
Grade 11		65,520	180	N/A	Complied
Grade 12		65,520	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 374,040,077	$ 343,773,234	$ 342,202,504	$ 312,414,884
Other sources	-	-	1,726,231	47,940
Total Revenues and Other Sources	374,040,077	343,773,234	343,928,735	312,462,824
Expenditures	370,847,964	332,738,292	341,075,129	299,935,133
Other uses and transfers out	1,055,225	7,665,845	4,897,782	5,388,298
Total Expenditures and Other Uses	371,903,189	340,404,137	345,972,911	305,323,431
Increase/(Decrease) in Fund Balance	2,136,888	3,369,097	(2,044,176)	7,139,393
Ending Fund Balance	$ 75,121,502	$ 72,984,614	$ 69,615,517	$ 71,659,693
Available Reserves [2]	$ 16,634,082	$ 10,212,124	$ 23,041,598	$ 37,888,243
Available Reserves as a Percentage of Total Outgo	4.47%	3.00%	6.66%	12.41%
Long-Term Liabilities	N/A	$ 506,277,979	$ 461,540,473	$ 460,881,530
K-12 Average Daily Attendance at P-2	24,042	24,042	24,081	24,560

The General Fund balance has increased by $1,324,921 over the past two years. The fiscal year 2020-2021 budget projects a further increase of $2,136,888 (2.93 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have increased by $45,396,449 over the past two years.

Average daily attendance has decreased by 518 over the past two years. No change in ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 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.

	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Assets							
Deposits and investments	$ 582,643	$ 1,404,442	$ 8,760,385	$ 1,951,201	$ 5,801,493	$ 12,038,297	$ 30,538,461
Receivables	78,648	725,850	78,192	8,015	25,347	-	916,052
Due from other funds	-	95	349	-	2,000,030	-	2,000,474
Prepaid expenditures	-	-	9,450	-	-	-	9,450
Total assets	$ 661,291	$ 2,130,387	$ 8,848,376	$ 1,959,216	$ 7,826,870	$ 12,038,297	$ 33,464,437
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 26,599	$ 140,666	$ 1,609,428	$ 306,797	$ 71,457	$ -	$ 2,154,947
Due to other funds	145,874	949,357	-	349	-	-	1,095,580
Total liabilities	172,473	1,090,023	1,609,428	307,146	71,457	-	3,250,527
Fund Balances							
Nonspendable	-	-	9,450	-	-	-	9,450
Restricted	488,818	775,738	7,229,498	1,652,070	-	12,038,297	22,184,421
Assigned	-	264,626	-	-	7,755,413	-	8,020,039
Total fund balances	488,818	1,040,364	7,238,948	1,652,070	7,755,413	12,038,297	30,213,910
Total liabilities and fund balances	$ 661,291	$ 2,130,387	$ 8,848,376	$ 1,959,216	$ 7,826,870	$ 12,038,297	$ 33,464,437

	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Revenues							
Other State sources	$ 1,177,919	$ 3,760,400	$ -	$ 365,910	$ -	$ 77,035	$ 5,381,264
Other local sources	32,646	112,625	2,270,060	31,711	220,167	9,586,113	12,253,322
Total revenues	1,210,565	3,873,025	2,270,060	397,621	220,167	9,663,148	17,634,586
Expenditures							
Current							
Instruction	572,666	3,280,347	-	-	-	-	3,853,013
Instruction-related activities							
Supervision of instruction	19,400	60,828	-	-	-	-	80,228
School site administration	350,216	981,723	-	-	-	-	1,331,939
Pupil services							
All other pupil services	166,915	64,587	-	-	-	-	231,502
Administration							
All other administration	52,912	235,821	185	-	-	-	288,918
Plant services	21,502	129,952	-	-	-	-	151,454
Facility acquisition and construction	-	-	4,015,140	309,089	1,796,851	-	6,121,080
Debt service							
Principal	-	-	-	-	-	5,380,000	5,380,000
Interest and other	-	-	-	-	-	3,702,974	3,702,974
Total expenditures	1,183,611	4,753,258	4,015,325	309,089	1,796,851	9,082,974	21,141,108
Excess (Deficiency) of Revenues Over Expenditures	26,954	(880,233)	(1,745,265)	88,532	(1,576,684)	580,174	(3,506,522)
Other Financing Sources							
Transfers in	-	1,105,461	-	-	4,000,000	-	5,105,461
Other sources - premium on issuance	-	-	-	-	-	766,538	766,538
Net Financing Sources	-	1,105,461	-	-	4,000,000	766,538	5,871,999
Net Change in Fund Balances	26,954	225,228	(1,745,265)	88,532	2,423,316	1,346,712	2,365,477
Fund Balance - Beginning	461,864	815,136	8,984,213	1,563,538	5,332,097	10,691,585	27,848,433
Fund Balance - Ending	$ 488,818	$ 1,040,364	$ 7,238,948	$ 1,652,070	$ 7,755,413	$ 12,038,297	$ 30,213,910

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

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, 2020. 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 Rialto Unified School District, it is not intended to and does not present the financial position of 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, 2020, the District did not report any commodities inventory.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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 46206.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 48 days due to the pandemic. As a result, the District received credit for these 48 days in meeting the instructional time requirements.

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

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

Independent Auditor's Reports
June 30, 2020

Rialto Unified School District

EideBailly

CPAs & BUSINESS ADVISORS

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 Board of Directors
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, 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rialto Unified School District's basic financial statements and have issued our report thereon dated

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Rialto Unified School District's internal control over financial reporting (internal control) as a basis for designing audit the 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 Rialto Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Rialto Unified School District's internal control.

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2020

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

To the Board of Directors
Rialto Unified School District
Rialto, California

Report on Compliance for Each Major Federal Program

We have audited Rialto Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rialto Unified School District's major federal programs for the year ended June 30, 2020. Rialto Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rialto Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rialto Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rialto Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Rialto Unified School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Rialto Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rialto Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rialto Unified School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2020

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Directors
Rialto Unified School District
Rialto, California

Report on State Compliance

We have audited Rialto Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for' the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance 'with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's 'compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's 'compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

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	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

Independent Study
We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

Early Retirement Incentive
The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

Juvenile Court Schools
The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

Middle or Early College High Schools
The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

Apprenticeship: Related and Supplemental Instruction
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

District of Choice
We did not perform District of Choice procedures because the program is not offered by the District.

After/Before School Education and Safety Program:
The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

Independent Study - Course Based
The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Charter Schools
The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Unmodified Opinion

In our opinion, Rialto Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2020

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	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Title I Grants to Local Educational Agencies	84.010

Dollar threshold used to distinguish between type A and type B programs:	$1,014,251
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified

None reported.

None reported.

None reported.

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