RIVERSIDE UNIFIED SCHOOL DISTRICT

RIVERSIDE COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2019

RIVERSIDE UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2019
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NIGRO & NIGRO PC
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

Board of Education
Riverside Unified School District
Riverside, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Unified School District, as of and for the fiscal year ended June 30, 2019, 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.

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 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 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, each major fund, and the aggregate remaining fund information of Riverside Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, schedule of OPEB contributions, and the notes to the required supplementary information 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 the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 72 to 75, pages 78 to 79, and the schedule of expenditures of federal awards on page 76 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on pages 71 and 77 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 9, 2019

This discussion and analysis of Riverside Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position of governmental activities decreased by approximately $48.0 million.
- Governmental expenses were about $586.1 million. Revenues were about $538.1 million.
- The District spent $31.9 million in new capital assets during the year.
- The District decreased its outstanding long-term debt by $3.0 million.
- Grades K-12 average daily attendance (ADA) decreased by 436, or 1.1%.
- Governmental funds decreased by $31.3 million, or 12.6%.
- Reserves for the General Fund increased by $0.3 million, or 2.9%.

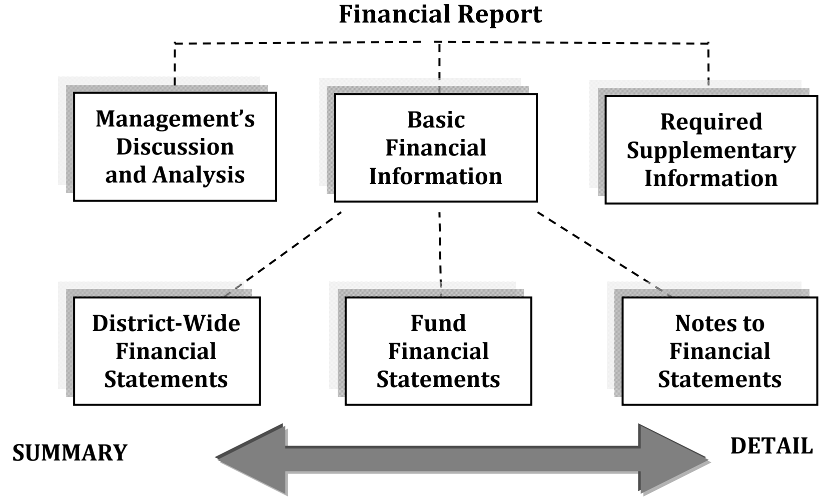
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements.*
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Riverside Unified School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

- ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for workers' compensation claims and liability and property losses.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- ***Fiduciary funds*** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2019, than it was the year before – decreasing 29.7% to $113.7 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2019	2018	(Decrease)
Assets			
Current assets	$ 286,029,632	$ 314,480,332	$ (28,450,700)
Capital assets	561,279,770	547,764,133	13,515,637
Total assets	847,309,402	862,244,465	(14,935,063)
Deferred outflows of resources	182,111,969	189,613,073	(7,501,104)
Liabilities			
Current liabilities	47,315,156	41,539,323	5,775,833
Long-term liabilities	311,980,133	318,017,040	(6,036,907)
Net pension liability	534,068,280	512,293,895	21,774,385
Total liabilities	893,363,569	871,850,258	21,513,311
Deferred inflows of resources	22,389,066	18,333,435	4,055,631
Net position			
Net investment in capital assets	400,227,784	393,352,713	6,875,071
Restricted	103,285,002	95,644,020	7,640,982
Unrestricted	(389,844,050)	(327,322,888)	(62,521,162)
Total net position	$ 113,668,736	$ 161,673,845	$ (48,005,109)

Changes in net position, governmental activities. The District's total revenues increased 1.3% to $538.1 million (See Table A-2). The increase is due primarily to increased property tax revenue and unrestricted federal and state aid.

The total cost of all programs and services increased 9.6% to $586.1 million. The District's expenses are predominantly related to educating and caring for students, 82.6%. The purely administrative activities of the District accounted for just 4.9% of total costs. A significant contributor to the increase in costs was negotiated salary and benefit increases.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities 2019	Governmental Activities 2018	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 7,681,506	$ 9,049,082	$ (1,367,576)
Operating grants and contributions	84,472,303	101,251,244	(16,778,941)
Capital grants and contributions	101,545	657,434	(555,889)
General Revenues:			
Property taxes	128,582,623	116,936,586	11,646,037
Federal and state aid not restricted	311,307,323	294,375,327	16,931,996
Other general revenues	5,927,113	8,877,079	(2,949,966)
Total Revenues	538,072,413	531,146,752	6,925,661
Expenses			
Instruction-related	414,896,245	379,444,334	35,451,911
Pupil services	69,212,794	58,933,927	10,278,867
Administration	28,552,907	24,797,730	3,755,177
Plant services	57,954,539	55,196,651	2,757,888
All other activities	15,461,037	16,316,455	(855,418)
Total Expenses	586,077,522	534,689,097	51,388,425
Increase (decrease) in net position	$ (48,005,109)	$ (3,542,345)	$ (44,462,764)
Total Net position	$ 113,668,736	$ 161,673,845	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $216.0 million, which is below last year's ending fund balance of $247.3 million. The primary cause of the decreased fund balance is the spending down of the Building Fund on capital projects.

Table A-3: The District's Fund Balance

	Fund Balances				
	July 1, 2018	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2019
Fund					
General Fund	$ 74,888,640	$ 524,723,903	$ 530,757,243	$ 5,000	$ 68,860,300
Adult Education Fund	2,321,653	3,783,363	4,721,273	-	1,383,743
Child Development Fund	-	3,427,683	3,427,683	-	-
Cafeteria Fund	6,890,580	25,737,668	25,419,297	-	7,208,951
Building Fund	97,040,107	2,032,951	23,875,949	20,852	75,217,961
Capital Facilities Fund	12,358,248	5,184,338	1,783,505	(1,349,120)	14,409,961
County School Facilities Fund	4,521,912	101,545	268,428	-	4,355,029
Special Reserve Fund (Capital Outlay)	12,470,879	694,842	3,000,657	2,765,375	12,930,439
Capital Outlay Fund for Blended Component Units	5,603,460	242,256	254,549	(2,765,375)	2,825,792
Bond Interest and Redemption Fund	29,495,070	26,006,340	27,738,024	-	27,763,386
Debt Service Fund	1,687,831	748,007	2,208,189	831,926	1,059,575
	$ 247,278,380	$ 592,682,896	$ 623,454,797	$ (491,342)	$ 216,015,137

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights
Over the course of the year, the District revised the annual operating budget. The major budget amendments fall into these categories:

- Revenues – increased by $32.7 million primarily to reflect changes in estimates from federal and state sources.
- Expenditures – increased $53.7 million mainly due to the rebudget of carryover funds and increased personnel cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $29.4 million, the actual results for the year show that expenditures exceeded revenues by roughly $6.0 million. Actual revenues were $15.9 million more than anticipated, and expenditures were $7.4 million less than budgeted. The primary overages in both revenue and expenditures were due to increased STRS and PERS contributions from the state.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
By the end of 2018-19 the District had invested $31.9 million in new capital assets, related to the District's facility acquisition and modernization plan. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately $18.4 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance Increase
	2019	2018	(Decrease)
Land	$ 46,041,909	$ 46,041,909	$ -
Buildings and improvements	478,029,819	493,494,664	(15,464,845)
Furniture and equipment	3,419,139	3,002,944	416,195
Construction in progress	33,788,903	5,224,616	28,564,287
Total	$ 561,279,770	$ 547,764,133	$ 13,515,637

Long-Term Debt
At year-end the District had $315.0 million in long-term debt other than pensions – a decrease of 0.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase
	2019	2018	(Decrease)
General obligation bonds	$ 220,421,713	$ 239,629,641	$ (19,207,928)
Certificates of participation	15,848,234	17,425,346	(1,577,112)
Compensated absences	6,008,353	5,951,078	57,275
Claims liabilities	9,190,534	7,806,710	1,383,824
Early retirement incentive	16,863,555	-	16,863,555
Other postemployment benefits	46,711,255	47,204,265	(493,010)
Total	$ 315,043,644	$ 318,017,040	$ (2,973,396)

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature passed the final budget package on June 13, 2019. The Governor signed the *2019-20 Budget Act* and 15 other budget-related bills on June 27, 2019.

Major Features of the 2019-20 Spending Plan

Makes $5.9 Billion in Additional Unfunded Liability Payments
Teachers, administrators, and other certificated employees of school districts earn pension benefits from the California State Teachers' Retirement System (CalSTRS). Other school district employees, such as clerical staff, also earn pension benefits administered by California Public Employees' Retirement System (CalPERS). The state and school districts each have full responsibility for their respective CalPERS' unfunded liabilities associated with their own employees. In the case of CalSTRS, the state and school districts share responsibility for the system's total unfunded liability (about one-third is the responsibility of the state and two-thirds of the districts).

The spending plan allocates $5.9 billion General Fund to pay down unfunded pension liabilities on behalf of both the state and school districts (some of which is counted toward the state's Proposition 2 debt payment requirements). In particular, the spending plan dedicates:

- ***$3.6 Billion to Address State's Unfunded Liabilities.*** The spending plan uses $2.5 billion in General Fund monies to pay down the state's CalPERS unfunded liability. The spending plan also devotes $1.1 billion General Fund to reduce the state's share of the CalSTRS unfunded liability, as part of the state's Proposition 2 debt payment requirements.
- ***$2.3 Billion to Address School Districts' Unfunded Liabilities.*** The spending plan also devotes $1.6 billion General Fund to reduce the school districts' share of the CalSTRS unfunded liability and $660 million General Fund to address the school districts' CalPERS unfunded liability.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-14 Education

Provides a Few Notable Ongoing Proposition 98 Augmentations
Under the spending plan, Proposition 98 funding for 2019-20 increases $2.9 billion (3.7 percent) from the revised 2018-19 level. The spending plan devotes the largest share of this increase—$2 billion—to school districts to cover changes in student attendance and provide a 3.26 percent cost-of-living adjustment (COLA) for the Local Control Funding Formula (general purpose per-student funding). The budget also provides two augmentations related to special education: (1) $493 million for school districts based on the number of three- and four-year old children identified with disabilities affecting their education and (2) $153 million for special education agencies with average or below average per-pupil funding rates.

Pays a Portion of Districts' Pension Costs for the Next Two Years
The spending plan also provides additional monies to school districts outside of the Proposition 98 funding requirement by paying a portion of districts' pension costs for the next two years. School districts' pension contribution rates for both CalPERS and CalSTRS have been rising and are set to continue increasing for at least the next few years. For CalSTRS, the budget provides $606 million for the state to pay a portion of districts' costs (reducing district contribution rates by about 1 percent of payroll in 2019-20 and 2020-21). Similarly, the budget provides $244 million for the state to cover a portion of districts' CalPERS costs (reducing district rates by about 1 percent of payroll in 2019-20 and 2020-21). Although district pension rates will continue to rise, the increases will be slower than previously projected.

All of these factors were considered in preparing the Riverside Unified School District budget for the 2019-20 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mays Kakish, Chief Business Officer and Governmental Relations at Riverside Unified School District, 3380 14th Street Avenue, Riverside, California 92501 or (951) 788-7135.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Total Governmental Activities
ASSETS	
Cash	$ 258,655,002
Investments	6,018,118
Accounts receivable	20,499,158
Inventories	433,058
Prepaid expenses	424,296
Capital assets:	
Non-depreciable assets	79,830,812
Depreciable assets	755,819,234
Less, accumulated depreciation	(274,370,276)
Total assets	847,309,402
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	5,218,919
Deferred outflows related to OPEB	3,137,016
Deferred outflows related to pensions	173,756,034
Total deferred outflows of resources	182,111,969
LIABILITIES	
Accounts payable	43,270,200
Claims liabilities	3,063,511
Unearned revenue	981,445
Long-term liabilities other than pensions:	
Due or payable within one year	24,457,664
Due or payable after one year	287,522,469
Net pension liability	534,068,280
Total liabilities	893,363,569
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	20,435,092
Deferred inflows related to OPEB	1,953,974
Total deferred inflows of resources	22,389,066
NET POSITION	
Net investment in capital assets	400,227,784
Restricted for:	
Capital projects	30,166,192
Debt service	28,822,961
Categorical programs	44,295,849
Self-insurance	20,378,565
Unrestricted	(389,844,050)
Total net position	$ 113,668,736

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues			Net (Expense)
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Revenue and Changes in Net Position**
Governmental Activities:					
Instructional Services:					
Instruction	$ 349,146,754	$ 131,120	$ 42,736,484	$ 101,545	$ (306,177,605)
Instruction-Related Services:					
Supervision of instruction	24,281,640	26,230	6,845,991	-	(17,409,419)
Instructional library, media and technology	4,940,720	40	(15,722)	-	(4,956,402)
School site administration	36,527,131	737	2,312,043	-	(34,214,351)
Pupil Support Services:					
Home-to-school transportation	15,594,810	-	137,513	-	(15,457,297)
Food services	25,573,307	2,493,529	21,094,914	-	(1,984,864)
All other pupil services	28,044,677	5,898	3,244,296	-	(24,794,483)
General Administration Services:					
Data processing services	6,341,850	-	497	-	(6,341,353)
Other general administration	22,211,057	138,432	6,238,326	-	(15,834,299)
Plant Services	57,954,539	41,162	767,456	-	(57,145,921)
Ancillary Services	6,016,971	-	(103,027)	-	(6,119,998)
Community Services	311,864	-	(1,497)	-	(313,361)
Enterprise Activities	219,137	-	(12)	-	(219,149)
Interest on Long-Term Debt	8,733,266	-	-	-	(8,733,266)
Other Outgo	179,799	4,844,358	1,215,041	-	5,879,600
Total Governmental Activities	$ 586,077,522	$ 7,681,506	$ 84,472,303	$ 101,545	(493,822,168)

General Revenues:	
Property taxes	128,582,623
Federal and state aid not restricted to specific purpose	311,307,323
Interest and investment earnings	1,504,611
Interagency revenues	31,285
Miscellaneous	4,391,217
Total general revenues	445,817,059
Change in net position	(48,005,109)
Net position - July 1, 2018	161,673,845
Net position - June 30, 2019	$ 113,668,736

RIVERSIDE UNIFIED SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 74,599,672	$ 79,817,774	$ 19,954,242	$ 27,763,386	$ 24,219,363	$ 226,354,437
Investments	-	-	-	-	6,018,118	6,018,118
Accounts receivable	14,666,197	541,521	822,573	-	3,930,162	19,960,453
Due from other funds	3,236,881	629	-	-	2,794,934	6,032,444
Inventories	92,160	-	-	-	340,898	433,058
Prepaid expenditures	424,296	-	-	-	-	424,296
Total Assets	$ 93,019,206	$ 80,359,924	$ 20,776,815	$ 27,763,386	$ 37,303,475	$ 259,222,806
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 23,097,359	$ 5,141,963	$ 6,307,563	$ -	$ 1,596,258	$ 36,143,143
Due to other funds	80,102	-	59,291	-	5,943,688	6,083,081
Unearned revenue	981,445	-	-	-	-	981,445
Total Liabilities	24,158,906	5,141,963	6,366,854	-	7,539,946	43,207,669
Fund Balances						
Nonspendable	666,456	-	-	-	347,653	1,014,109
Restricted	35,703,155	75,217,961	14,409,961	27,763,386	20,677,037	173,771,500
Committed	15,116,553	-	-	-	4,393,751	19,510,304
Assigned	7,168,376	-	-	-	4,345,088	11,513,464
Unassigned	10,205,760	-	-	-	-	10,205,760
Total Fund Balances	68,860,300	75,217,961	14,409,961	27,763,386	29,763,529	216,015,137
Total Liabilities and Fund Balances	$ 93,019,206	$ 80,359,924	$ 20,776,815	$ 27,763,386	$ 37,303,475	$ 259,222,806

RIVERSIDE UNIFIED SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds			$ 216,015,137
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:			
	Capital assets, at historical cost	$ 835,650,046	
	Accumulated depreciation	(274,370,276)	
			561,279,770
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:			(46,711,255)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(3,806,249)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			5,218,919
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows related to pensions are reported as follows:			
	Deferred outflows of resources	173,756,034	
	Deferred inflows of resources	(20,435,092)	
			153,320,942
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(534,068,280)
In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported, as follows:			
	Deferred outflows of resources	3,137,016	
	Deferred inflows of resources	(1,953,974)	
			1,183,042
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	General obligation bonds payable	220,421,713	
	Certificates of participation payable	15,848,234	
	Compensated absences payable	6,008,353	
	Early retirement incentive	16,863,555	
			(259,141,855)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:			20,378,565
Total net position - governmental activities			$ 113,668,736

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 393,586,797	$ -	$ -	$ -	$ -	$ 393,586,797
Federal sources	27,798,291	-	-	-	21,108,666	48,906,957
Other state sources	93,108,382	-	8,608	198,628	8,539,193	101,854,811
Other local sources	10,230,433	2,032,951	5,175,730	25,807,712	5,087,505	48,334,331
Total Revenues	524,723,903	2,032,951	5,184,338	26,006,340	34,735,364	592,682,896
EXPENDITURES						
Current:						
Instruction	340,663,658	-	-	-	5,329,191	345,992,849
Instruction-related services:						
Supervision of instruction	24,510,348	-	-	-	600,792	25,111,140
Instructional library, media and technology	3,747,340	-	-	-	15,559	3,762,899
School site administration	35,064,623	-	-	-	944,086	36,008,709
Pupil support services:						
Home-to-school transportation	15,129,433	-	-	-	-	15,129,433
Food services	215,946	-	-	-	24,175,629	24,391,575
All other pupil services	28,034,525	-	-	-	46,347	28,080,872
Ancillary services	6,275,648	-	-	-	-	6,275,648
Community services	311,697	-	-	-	-	311,697
Enterprise Activities	151	-	-	-	-	151
General administration services:						
Data processing services	5,712,184	-	-	-	-	5,712,184
Other general administration	18,727,959	-	289,643	-	-	19,017,602
Plant services	47,604,221	-	5,493	-	926,655	48,536,369
Transfers of indirect costs	(1,186,301)	-	-	-	1,186,301	-
Capital Outlay	5,766,012	23,875,949	1,488,369	-	3,867,327	34,997,657
Intergovernmental	179,799	-	-	-	-	179,799
Debt Service:						
Principal	-	-	-	18,260,000	1,152,694	19,412,694
Interest	-	-	-	9,478,024	844,195	10,322,219
Issuance costs	-	-	-	-	211,300	211,300
Total Expenditures	530,757,243	23,875,949	1,783,505	27,738,024	39,300,076	623,454,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,033,340)	(21,842,998)	3,400,833	(1,731,684)	(4,564,712)	(30,771,901)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	5,000	-	-	-	4,114,495	4,119,495
Interfund transfers out	-	(5,000)	(1,349,120)	-	(2,765,375)	(4,119,495)
Issuance of non-obligatory debt	-	25,852	-	-	-	25,852
Proceeds from refunding debt	-	-	-	-	4,170,000	4,170,000
Premium on refunding debt	-	-	-	-	483,844	483,844
Transfer to escrow agent for defeased debt	-	-	-	-	(5,171,038)	(5,171,038)
Total Other Financing Sources and Uses	5,000	20,852	(1,349,120)	-	831,926	(491,342)
Net Change in Fund Balances	(6,028,340)	(21,822,146)	2,051,713	(1,731,684)	(3,732,786)	(31,263,243)
Fund Balances, July 1, 2018	74,888,640	97,040,107	12,358,248	29,495,070	33,496,315	247,278,380
Fund Balances, June 30, 2019	$ 68,860,300	$ 75,217,961	$ 14,409,961	$ 27,763,386	$ 29,763,529	$ 216,015,137

RIVERSIDE UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2019

Total net change in fund balances - governmental funds		$ (31,263,243)
Amounts reported for governmental *activities* in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay, governmental funds	31,880,524	
Depreciation expense	(18,364,887)	
Net:		13,515,637
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		24,467,694
The issuance of long-term debt is reported in the governmental funds as a source of financing, but in the government-wide statements it is not reported in the statement of activities, but rather as a long-term liability in the statement of net position. Debt issued, net of issuance premiums, during the period was:		(4,653,844)
In governmental funds, postemployment benefits (OPEB) expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer contributions was:		(1,136,320)
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:		(16,863,555)
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premiumis amortized over the life of the debt. Amortization of the premium for the period is:		971,190
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the debt. The difference between current year amounts and the current year amortization is:		(273,693)
In governmental funds, pension costs are recognized when employer contributions are made, in the statement of activities, pension costs are recognized on the accrual basis. This year the difference between the accrual basis pension costs and actual employer contributions was:		(31,428,097)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		464,448
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measuredby the amount of financial resources used (essentially, the amounts actually paid.) This year vacation leave earned exceeded the amounts used by:		(57,275)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental activities in the statement of activities. The net increase in the internal service fund was:		(1,748,051)
Change in net position of governmental activities		$ (48,005,109)

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2019

	Governmental Activities Internal Service Fund
ASSETS	
Cash	$ 32,300,565
Accounts receivable	538,705
Due from other funds	54,508
Total assets	32,893,778
LIABILITIES	
Accounts payable	257,297
Due to other funds	3,871
Claims liabilities, current portion	3,063,511
Claims liabilities, long-term portion	9,190,534
Total liabilities	12,515,213
NET POSITION	
Restricted	20,378,565
Total net position	$ 20,378,565

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
State revenue	$ 38,909
Charges to other funds	28,765,802
Other local revenues	2,417,765
Total operating revenues	31,222,476
OPERATING EXPENSES	
Certificated salaries	86,496
Classified salaries	559,643
Employee benefits	280,228
Books and supplies	6,529
Services and other operating expenditures	32,741,134
Total operating expenses	33,674,030
Operating Income (Loss)	(2,451,554)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	703,503
Total non-operating revenues (expenses)	703,503
Change in net position	(1,748,051)
Net position, July 1, 2018	22,126,616
Net position, June, 30, 2019	$ 20,378,565

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	$ 32,331,051
Cash payments for payroll, insurance and operating expenses	(32,182,281)
Net cash provided (used) by operating activities	148,770
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	633,964
Net increase in cash	782,734
Cash, July 1, 2018	31,517,831
Cash, June 30, 2019	$ 32,300,565

ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (Loss)	$ (2,451,554)
(Increase) Decrease in operating assets	
Due from other funds	1,400,518
Accounts receivable	(291,943)
Increase (Decrease) in operating liabilities	
Accounts payable	(278,612)
Claims liabilities	1,845,098
Due to other funds	(74,737)
Net cash provided (used) by operating activities	$ 148,770

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2019

	Agency Funds		Trust Funds		
	Student Body Funds	Debt Service Fund for Special Tax Bonds	Scholarship Fund	Retiree Benefits Fund	Total
ASSETS					
Cash	$ 1,640,396	$ -	$ 268,305	$ -	$ 1,908,701
Investments	-	11,066,550	-	22,638,418	33,704,968
Accounts receivable	3,340	-	1,740	-	5,080
Inventories	139,181	-	-	-	139,181
Prepaid expenses	46	-	-	-	46
Other asset	1,639	-	-	-	1,639
Total Assets	$ 1,784,602	$ 11,066,550	270,045	22,638,418	35,759,615
LIABILITIES					
Accounts payable	$ 14,843	$ -	1,000	-	15,843
Due to bondholders	-	11,066,550	-	-	11,066,550
Due to student groups	1,769,759	-	-	-	1,769,759
Total Liabilities	$ 1,784,602	$ 11,066,550	1,000	-	12,852,152
NET POSITION					
Restricted for student scholarships			269,045	-	269,045
Restricted for retiree benefits			-	22,638,418	22,638,418
Total Net Position			$ 269,045	$ 22,638,418	$ 22,907,463

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2019

	Trust Funds	
	Scholarship Fund	**Retiree Benefits Fund**
ADDITIONS		
Interest	$ 6,142	$ 947,511
Net increase in fair value of investments	-	159,947
Other local sources	4,240	-
Total Additions	10,382	1,107,458
DEDUCTIONS		
Books and supplies	2,666	-
Other services & operating expenses	2,564	81,814
Total Deductions	5,230	81,814
Net increase (decrease) in net position	5,152	1,025,644
Net Position - July 1, 2018	263,893	21,612,774
Net Position - June 30, 2019	$ 269,045	$ 22,638,418

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Riverside Unified School District ("the District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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, and agencies that are not legally separate from the District. For Riverside Unified School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the Board of Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Riverside USD Financing Authority ("the Authority") financial activity is presented in the financial statements as the Capital Projects for Blended Component Units Fund and the Debt Service for Blended Component Units Fund. Certificates of participation and other debt issued by the Authority are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Authority.

The Riverside Unified School District Community Facilities Districts (CFDs) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)
Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements
The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds
The District reports the following major governmental funds:

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

Building Fund: This 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.

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established 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: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Capital Projects Funds: Capital projects funds are established 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).

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Debt Service Fund: This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Proprietary Funds
Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Funds: These funds are used to account for services rendered on a cost-reimbursement basis within the District. The District operates workers' compensation and property and liability insurance programs that are accounted for in the Internal Service Fund. In addition, the District's health and welfare benefit programs are accounted for in the Internal Service Fund.

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. 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. The District maintains the following fiduciary funds:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not. The District also maintains a Debt Service Fund for Special Tax Bonds to account for debt service activity of the CFDs.

Scholarship Funds: These funds are used to report formal arrangements under which principal and interest benefit other individuals, private organizations, or other governments. This fund was established to account for funds received and held with the purpose of providing scholarships for eligible students.

Retiree Benefit Funds: This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.

2. Measurement Focus, Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The agency fund has no measurement focus and utilizes the accrual basis of accounting for reporting its assets and liabilities.

3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year.

The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Description	Estimated Lives
Buildings and Improvements	20-50 years
Furniture and Equipment	2-15 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. 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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted -** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of total General Fund expenditures and other financing uses.

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.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

I. New GASB Pronouncements
During the 2018-19 fiscal year, the following GASB Pronouncements became effective:

1. In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

   This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

   The District has implemented the provisions of this Statement as of June 30, 2019.

2. In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

   This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

   This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

2. (continued)
For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

   The District has implemented the provisions of this Statement as of June 30, 2019.

J. Future Accounting Pronouncements
Other GASB pronouncements, which will be effective in future periods, are as follows:

1. 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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

2. 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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

3. 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.

   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.

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. (continued)
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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

5. 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.

   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.

   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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019, are reported at fair value and consisted of the following:

		Governmental Activities			
		Governmental Funds	Proprietary Fund	Total	Fiduciary Funds
Pooled Funds:					
Cash in county treasury		$ 225,308,271	$ 31,126,806	$ 256,435,077	$ 268,305
Deposits:					
Cash on hand and in banks		889,411	73,759	963,170	1,640,396
Cash in revolving fund		156,755	-	156,755	-
Cash with fiscal agent		-	1,100,000	1,100,000	-
Total Deposits		1,046,166	1,173,759	2,219,925	1,640,396
Total Cash		$ 226,354,437	$ 32,300,565	$ 258,655,002	$ 1,908,701
Investments:	Rating				
US Bank - Money Market	N/A	$ 4,793,518	$ -	$ 4,793,518	$ 10,474,352
US Bank - US Government Bonds	AA+	1,224,600	-	1,224,600	592,198
Mutual Fund - Fixed Income	N/A	-	-	-	12,420,810
Mutual Fund - Domestic Equity	N/A	-	-	-	7,503,380
Mutual Fund - International Equity	N/A	-	-	-	1,629,712
Mutual Fund - Real Estate	N/A	-	-	-	1,084,516
Total Investments		$ 6,018,118	$ -	$ 6,018,118	$ 33,704,968

Investment security ratings reported as of June 30, 2019, are defined by Standard and Poors.

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2019, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk 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. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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).

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)
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 agencies. 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, 2019, $2,177,158 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments – Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2019 consist of the following:

		Maturity	
	Fair Value	Less Than One Year	One Year Through Five Years
Investment maturities:			
US Bank - Money Market	$ 15,267,870	$ 15,267,870	$ -
US Bank - US Government Bonds	1,816,798	1,224,600	592,198
Mutual Fund - Fixed Income	12,420,810	12,420,810	-
Mutual Fund - Domestic Equity	7,503,380	7,503,380	-
Mutual Fund - International Equity	1,629,712	1,629,712	-
Mutual Fund - Real Estate	1,084,516	1,084,516	-
Totals	$ 39,723,086	$ 39,130,888	$ 592,198

Investments – Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2019, all investments represented mutual funds and governmental securities which were issued, registered and held by the District's agent in the District's name.

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments – Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2019, the District had the following investments that represent more than five percent of the District's net investments.

US Bank - Money Market	38.4%
Mutual Fund - Fixed Income	31.3%
Mutual Fund - Domestic Equity	18.9%

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

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

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

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

Uncategorized – Investments in the Riverside County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019, consisted of the following:

	Governmental Funds					Proprietary Fund	Fiduciary Funds	
	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total	Self-Insurance Fund	Associated Student Body Funds	Scholarship Fund
Federal Government:								
Categorical aid programs	$ 9,741,279	$ -	$ -	$ 2,979,343	$ 12,720,622	$ -	$ -	$ -
State Government:								
Lottery	1,964,068	-	-	-	1,964,068	-	-	-
Categorical aid programs	2,572,322	-	-	623,066	3,195,388	-	-	-
Local:								
Interest	314,148	541,521	133,922	145,232	1,134,823	205,715	-	-
Other local	74,380	-	688,651	182,521	945,552	332,990	3,340	1,740
Total	$ 14,666,197	$ 541,521	$ 822,573	$ 3,930,162	$ 19,960,453	$ 538,705	$ 3,340	$ 1,740

NOTE 4 – INTERFUND ACTIVITIES

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2019, consisted of the following:

	Due from other funds					
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total
General Fund	$ -	$ 629	$ 28,025	$ 28,654	$ 51,448	$ 80,102
Capital Facilities Fund	58,898	-	-	58,898	393	59,291
Non-Major Governmental Funds	3,175,646	-	2,765,375	5,941,021	2,667	5,943,688
Self-Insurance Fund	2,337	-	1,534	3,871	-	3,871
Total	$ 3,236,881	$ 629	$ 2,794,934	$ 6,032,444	$ 54,508	$ 6,086,952

General Fund due to Cafeteria Fund for student meals unrecovered debt, after school, and summer camp meals	$ 28,025
General Fund due to Self -Insurance Fund for workers' compensation and OPEB	51,448
General Fund due to Building Fund for Ramona CTE costs	629
Adult Education Fund due to General Fund for indirect costs	77,842
Adult Education Fund due to Self -Insurance Fund for workers' compensation	11
Child Development Fund due to General Fund to set up temporary loan accrual and vacation payouts	757,273
Cafeteria Fund due to General Fund to set up temporary loan accrual, indirect costs, and fuel charges	2,340,531
Cafeteria Fund due to Self-Insurance Fund for workers' compensation and OPEB	2,656
Capital Facilities Fund due to General Fund for business services salary and employee benefits	58,898
Capital Facilities Fund due to Self-Insurance Fund for workers' compensation	393
Self-Insurance Fund due to Cafeteria Fund for workers' compensation billing	1,534
Self-Insurance Fund due to General Fund for workers' compensation billing	2,337
Capital Project Fund for Blended Component Units due to Secial Reserve Fund for Capital Outlay Projects for capital project reimbursements	2,765,375
Total	$ 6,086,952

NOTE 4 – INTERFUND ACTIVITIES (continued)

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended at June 30, 2019, consisted of the following:

Building Fund transfer to General Fund for architect fees	$ 5,000
Capital Facilities Fund transfer to Debt Service Fund for developer fee contribution	1,349,120
Capital Project Fund for Blended Component Units transfer to Special Reserve for Capital Outlay fund for project reimbursements	2,765,375
	$ 4,119,495

NOTE 5 – FUND BALANCES

At June 30, 2019, fund balances of the District's governmental funds are classified as follows:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 150,000	$ -	$ -	$ -	$ 6,755	$ 156,755
Stores inventories	92,160	-	-	-	340,898	433,058
Prepaid expenditures	424,296	-	-	-	-	424,296
Total Nonspendable	666,456	-	-	-	347,653	1,014,109
Restricted:						
Categorical programs	35,703,155	-	-	-	857,210	36,560,365
Food service program	-	-	-	-	6,854,087	6,854,087
Capital projects	-	75,217,961	14,409,961	-	11,906,165	101,534,087
Debt service	-	-	-	27,763,386	1,059,575	28,822,961
Total Restricted	35,703,155	75,217,961	14,409,961	27,763,386	20,677,037	173,771,500
Committed:						
Other commitments	15,116,553	-	-	-	4,393,751	19,510,304
Total Committed	15,116,553	-	-	-	4,393,751	19,510,304
Assigned:						
Other assignments	7,168,376	-	-	-	4,345,088	11,513,464
Total Assigned	7,168,376	-	-	-	4,345,088	11,513,464
Unassigned:						
Reserve for economic uncertainties	10,205,760	-	-	-	-	10,205,760
Total Unassigned	10,205,760	-	-	-	-	10,205,760
Total	$ 68,860,300	$ 75,217,961	$ 14,409,961	$ 27,763,386	$ 29,763,529	$ 216,015,137

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance, July 1, 2018	Additions	Retirements	Balance, June 30, 2019
Capital assets not being depreciated:				
Land	$ 46,041,909	$ -	$ -	$ 46,041,909
Construction in progress	5,224,616	30,855,576	2,291,289	33,788,903
Total capital assets not being depreciated	51,266,525	30,855,576	2,291,289	79,830,812
Capital assets being depreciated:				
Buildings and improvements	733,292,525	2,291,289	-	735,583,814
Furniture and equipment	19,210,472	1,024,948	-	20,235,420
Total capital assets being depreciated	752,502,997	3,316,237	-	755,819,234
Accumulated depreciation for:				
Buildings and improvements	(239,797,861)	(17,756,134)	-	(257,553,995)
Furniture and equipment	(16,207,528)	(608,753)	-	(16,816,281)
Total accumulated depreciation	(256,005,389)	(18,364,887)	-	(274,370,276)
Total capital assets being depreciated, net	496,497,608	(15,048,650)	-	481,448,958
Governmental activity capital assets, net	$ 547,764,133	$ 15,806,926	$ 2,291,289	$ 561,279,770

Depreciation expense is allocated to the following functions in the statement of activities:

Governmental Activities:	
Instruction	$ 12,484,180
Supervision of instruction	576,613
Instructional library, media and technology	205,503
School site administration	1,452,096
Home-to-school transportation	427,301
Food services	2,494
All other pupil services	679,089
Data processing services	204,340
All other general administration	574,490
Plant services	1,758,781
Total depreciation expense	$ 18,364,887

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2019, were as follows:

	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 224,730,000	$ -	$ 18,260,000	$ 206,470,000	$ 19,030,000
Unamortized Issuance Premium	14,899,641	-	947,928	13,951,713	947,928
Total G.O. Bonds	239,629,641	-	19,207,928	220,421,713	19,977,928
Certificates of Participation					
Principal Payments	5,500,000	4,170,000	5,500,000	4,170,000	380,000
Unamortized Issuance Premium	-	483,844	23,262	460,582	55,828
Total Certificates of Participation	5,500,000	4,653,844	5,523,262	4,630,582	435,828
Compensated Absences	5,951,078	57,275	-	6,008,353	-
Claims Liabilities	7,806,710	1,383,824	-	9,190,534	-
Early Retirement Incentive	-	16,863,555	-	16,863,555	3,372,711
Other Postemployment Benefits	47,204,265	-	493,010	46,711,255	-
Direct Borrowings and Direct Placements:					
Certificates of Participation	11,925,346	-	707,694	11,217,652	671,197
Total	$ 318,017,040	$ 22,958,498	$ 25,931,894	$ 315,043,644	$ 24,457,664

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of participation payments are made by the Debt Service Fund. The claims liabilities will be paid from the Self-Insurance Fund. Accumulated vacation and other postemployment benefits will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, none of the defeased bonds remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2019, deferred amounts on refunding of bonds were $5,036,571.

Election of 2016

On November 8, 2016, an election was held at which registered voters in the District approved by more than 55% of the votes a measure which authorizes the District to issue general obligation bonds in the maximum aggregate amount of $392,000,000. On May 25, 2017, the District issued $100,000,000 general obligation bonds. The bonds are being used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and pay the costs of issuance of the bonds.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

A summary of general obligation bonds issued by the District is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019
2011 Refunding	10/5/2011	2/1/2027	2.0%-5.0%	$ 46,125,000	$ 30,830,000	$ -	$ 1,765,000	$ 29,065,000
2015 Refunding	6/17/2015	8/1/2030	2.0%-5.0%	48,810,000	41,925,000	-	2,560,000	39,365,000
2016 Refunding	5/25/2016	8/1/2038	0.7%-4.32%	53,365,000	51,975,000	-	380,000	51,595,000
2016 (A)	5/25/2017	8/1/2041	3.0%-5.0%	100,000,000	100,000,000	-	13,555,000	86,445,000
				$ 248,300,000	$ 224,730,000	$ -	$ 18,260,000	$ 206,470,000

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	$ 19,030,000	$ 8,714,469	$ 27,744,469
2020-2021	8,160,000	8,071,531	16,231,531
2021-2022	9,635,000	7,702,497	17,337,497
2022-2023	8,165,000	7,255,179	15,420,179
2023-2024	10,275,000	6,829,341	17,104,341
2024-2029	40,975,000	27,403,790	68,378,790
2029-2034	43,060,000	18,503,838	61,563,838
2034-2039	50,335,000	9,192,740	59,527,740
2039-2042	16,835,000	1,046,497	17,881,497
Total	$ 206,470,000	$ 94,719,882	$ 301,189,882

B. Certificates of Participation

On May 1, 2009, the Riverside Unified School District School Facilities Corporation issued certificates of participation in the amount of $8,605,000. The certificates were issued to prepay the District’s COP for the 1998 School Facility Bridge Refunding Program, provide a reserve account and pay issuance costs. The interest rate of the certificates ranges from 3.0% to 5.0% and mature on September 1, 2027. As described below, the outstanding balance was refunded in 2018-19.

2019 Refunding Debt of Participation

On January 29, 2019, the District issued $4,170,000 of Certificates of Participation. The debt bears fixed interest rates ranging between 3.0% and 5.0% with annual maturities from September 1, 2019 through September 1, 2027. The net proceeds of $5,171,038 (after premiums of $483,844, other fund contributions of $728,493 and issuance costs of $211,300) were used to advance refund the District’s outstanding Refunding Certificates of Participation Series A of 2009 and pay the costs of issuance.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded debt. As a result, the refunded debt are considered to be defeased, and the related liability for the debt has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Certificates of Participation (continued)

2019 Refunding Debt of Participation (continued)
The refunding decreased the District's total debt service payments by $1,326,074. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new debt) of $1,210,520.

Prior-Year Defeasance of Debt
In prior years, the District defeased certain debt by placing the proceeds of new refunding debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2019, none of the defeased certificates remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2019, deferred amounts on refunding on certificates of participation were $182,348. When combined with the general obligation bonds in Note 7.A., total deferred amounts on refunding at June 30, 2019 were $5,218,919.

Annual interest and redemption requirements for the Certificates of Participation outstanding at June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	$ 380,000	$ 189,701	$ 569,701
2020-2021	410,000	161,900	571,900
2021-2022	425,000	147,250	572,250
2022-2023	440,000	129,950	569,950
2023-2024	460,000	111,950	571,950
2024-2028	2,055,000	212,125	2,267,125
Total	$ 4,170,000	$ 952,876	$ 5,122,876

C. Claims Liability
The District has an outstanding long-term liability for incurred, but not reported, claims for the District's self-insured programs in the amount of $9,190,534. The total claims liability is reported in Note 10, but only the long-term portion is reported here.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2019, for these obligations are shown below.

Fiscal Year	Premium
2019-2020	$ 3,372,711
2020-2021	3,372,711
2021-2022	3,372,711
2022-2023	3,372,711
2023-2024	3,372,711
Total	$ 16,863,555

E. Direct Borrowings and Direct Placements

On June 1, 2015, the Riverside Unified School District Facilities Corporation issued certificates of participation in the amount of $10,000,000. The funds are being used by the District to acquire certain school facilities and pay the issuance costs. The interest rate for the certificates is 3.69%, and the certificates fully mature on June 1, 2035. At June 30, 2019, the principal outstanding balance was $8,860,000.

As described in Note 7.B., the District previously issued 2016 refunding Certificates of Participation in the amount of $3,673,026 to refund outstanding Certificates of Participation. As of June 30, 2019, the outstanding principal on the 2016 refunding certificates was $2,357,652.

These Certificates are considered to be direct placements. The 2016 certificates are secured through a site lease on the Arlington High School property, and the 2015 certificates are secured though a site lease on property located at 9174 Indiana Avenue, Riverside. In the event of default on the certificates the Corporation has those remedies available to it by law. Annual interest and redemption requirements for the Certificates of Participation outstanding at June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	$ 671,197	$ 383,871	$ 1,055,068
2020-2021	694,164	361,316	1,055,480
2021-2022	713,774	338,081	1,051,855
2022-2023	742,944	313,997	1,056,941
2023-2024	766,668	289,043	1,055,711
2024-2029	3,313,905	1,066,597	4,380,502
2029-2034	2,965,000	530,530	3,495,530
2034-2035	1,350,000	44,001	1,394,001
Total	$ 11,217,652	$ 3,327,436	$ 14,545,088

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of $101,000,000 as of June 30, 2019, does not represent debt of the District and, as such, does not appear in the financial statements.

G. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 44,187,591	$ 3,137,016	$ (1,953,794)	$ 4,122,606
MPP Program	2,523,664	-	-	(233,880)
Total	$ 46,711,255	$ 3,137,016	$ (1,953,794)	$ 3,888,726

The details of each plan are as follows:

<u>District Plan</u>

Plan description

The District's single-employer defined benefit plan provides OPEB for eligible certificated, classified, and management employees of the District through the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees and former employees of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "other post-employment benefits," or "OPEB.") This Trust was established and is managed in compliance with the applicable Governmental Accounting Standards Board (GASB) standards for OPEB.

The District's governing body has established by resolution a Retirement Board of Authority (the "Board") to supervise the Trust. The Board has been established to manage, direct, and control the Fiduciary, Trust Settlor and Administrative functions. As mandated by the California Government Code, the Board shall perform all its duties with the care, skill, and diligence that a prudent person would utilize. The Board shall also act solely in the interest of plan participants and beneficiaries with the sole purpose of providing benefits to them and paying only necessary and reasonable expenses for administrating the Trust. The Board shall oversee that the Trust's assets are diversified in order to minimize the risk of large investment losses. The Board will have the exclusive authority to establish, execute, and interpret the Trust's written Investment Policy Statement (IPS) which profiles the long-term investment objectives of the Trust.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

G. Other Postemployment Benefits (OPEB) Liability (continued)

Benefits provided
The postretirement health plans and the District's obligation vary by employee group as described below.

The Plan provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer. An employee who is covered by the medical plan has met eligibility requirements listed below is eligible to elect post-retirement coverage at retirement.

Certificated Retirees: Attainment of age 55 and the completion of 15 years of full-time service out of the last 19 years prior to retirement.

Management, Confidential, and Cabinet Retirees: Retirement under PERS or STRS, attainment of age 50 (PERS) or 55 (STRS) and completion of 15 years of full-time service with 5 years of District service immediately prior to retirement.

Classified Retirees: Attainment of age 50 and completion of 10 years of District service.

Employees covered by benefit terms
At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	242
Active employees	3,356
Total	3,598

Contributions
The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Net OPEB Liability
The District's net OPEB liability is reported as of June 30, 2019 for the employer fiscal year and reporting period of July 1, 2018 to June 30, 2019. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2018 and the corresponding measurement period of July 1, 2017 to July 1, 2018. The measurement of the total OPEB liability is based on a valuation date of July 1, 2017.

Actuarial assumptions and other inputs
The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Salary scale	2.50%
Expected return on assets	6.90%
Healthcare cost trend rates	5.36% for fiscal year end 2018 and 3.94% for fiscal year end 2019 (to reflect actual experience), then 6.75% for fiscal year end 2020, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality Rates
Pre-retirement mortality rates were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

G. Other Postemployment Benefits (OPEB) Liability (continued)

Long-Term Expected Rate of Return on OPEB Plan Investments
For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.13% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
The discount rate has been set equal to 3.78%, which is a blend of the rate of return on assets equal to 6.90% and the Municipal GO AA 20-year yield curve rate as of June 30, 2018, which is 3.62%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at July 1, 2018	$ 65,154,526	$ 20,707,805	$ 44,446,721
Changes for the year:			
Service cost	3,226,771	-	3,226,771
Interest	2,491,952	-	2,491,952
Differences between expected and actual experience	(1,879,271)	-	(1,879,271)
Contributions - employer	-	2,812,372	(2,812,372)
Net investment income	-	1,076,854	(1,076,854)
Benefit payments	(2,812,372)	(2,812,372)	-
Administrative expense	-	(171,885)	171,885
Other changes	(381,241)	-	(381,241)
Net changes	645,839	904,969	(259,130)
Balance at June 30, 2019	$ 65,800,365	$ 21,612,774	$ 44,187,591

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

Discount Rate	Net OPEB Liability
1% decrease (2.78%)	$ 49,763,404
Current discount rate (3.78%)	$ 44,187,591
1% increase (4.78%)	$ 39,082,986

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

G. Other Postemployment Benefits (OPEB) Liability (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (4.36% trending to 4.00%)	$ 37,617,331
Current rate (5.36% trending to 5.00%)	$ 44,187,591
1% increase (6.36% trending to 6.00%)	$ 51,859,926

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the District recognized OPEB expense of $4,122,606. In addition, at June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,624,282)
Changes of assumptions	-	(329,512)
Differences between projected and actual return investments	414,430	-
District contributions subsequent to the measurement date of the net OPEB liability	2,722,586	-
Total	$ 3,137,016	$ (1,953,794)

The deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year. The deferred inflows of resources related to the differences between expected and actual experience and changes of assumptions in the measurement of the total OPEB liability 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 7.37 years. The deferred outflows of resources related to the differences between expected and actual returns on plan investments will be amortized over 5.0 years.

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

Year Ended June 30:	Deferred Inflows of Resources
2020	$ (203,110)
2021	(203,110)
2022	(203,110)
2023	(203,112)
2024	(306,718)
Thereafter	(420,204)
Total	$ (1,539,364)

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

G. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit 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, 2017 annual actuarial valuation report, Medicare Premium Payment Program. 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/actuarial-financial-and-investor-information.

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the 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 MPP Program is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2018, 5,984 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. 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.

Total OPEB Liability
At June 30, 2019, the District reported a liability of $2,523,664 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2018, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to 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 and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2019	**Fiscal Year Ending June 30, 2018**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net OPEB Liability	0.659318%	0.655453%	0.003864%

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

G. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

For the year ended June 30, 2019, the District reported OPEB expense of $(233,880).

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

In addition, 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 459, or an average of 0.27 percent of the potentially eligible population (171,593).

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 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, 2018, 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 was 3.87%. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is The Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

G. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

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

Discount Rate	MPP OPEB Liability
1% decrease (2.87%)	$ 2,791,294
Current discount rate (3.87%)	$ 2,523,664
1% increase (4.87%)	$ 2,282,005

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, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 2,301,323
Current rate (3.7% Part A and 4.1% Part B)	$ 2,523,664
1% increase (4.7% Part A and 5.1% Part B)	$ 2,762,778

NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2019, the District reported 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	$ 385,336,064	$ 125,402,122	$ 20,435,092	$ 57,993,135
CalPERS	148,732,216	48,353,912	-	31,757,129
Total	$ 534,068,280	$ 173,756,034	$ 20,435,092	$ 89,750,264

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. 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, 2017, 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/actuarial-financial-and-investor-information.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer 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, 2019, 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 Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.28%	16.28%
Required State Contribution Rate	9.828%	9.828%

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period.

The contribution rates for each program for the year ended June 30, 2019, are presented above and the District's total contributions were $37,136,060.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2019, 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:

District's proportionate share of net pension liability	$	385,336,064
State's proportionate share of the net pension liability associated with the District		220,622,918
Total	$	605,958,982

The net pension liability was measured as of June 30, 2018. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Change Increase/ (Decrease)
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.419267%	0.411823%	0.007445%

For the year ended June 30, 2019, the District recognized pension expense of $57,993,135. In addition, the District recognized pension expense and revenue of $7,523,196 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 37,136,060	$ -
Net change in proportionate share of net pension liability	27,208,155	-
Difference between projected and actual earnings on pension plan investments	-	14,837,873
Changes of assumptions	59,862,995	-
Differences between expected and actual experience	1,194,912	5,597,219
Total	$ 125,402,122	$ 20,435,092

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 19,426,966
2021	13,863,287
2022	3,737,980
2023	13,724,929
2024	14,486,966
Thereafter	2,590,842
Total	$ 67,830,970

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

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.

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 inputs 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.

Actuarial Methods and Assumptions (continued)
For each future valuation, CalSTRS' consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	(1.00)%

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.1%. 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 (7.1%) 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%)	$ 564,472,242
Current discount rate (7.10%)	385,336,064
1% increase (8.10%)	236,814,790

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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions of $2,246,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $35,173,670.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer 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, 2017 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

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, 2019, are summarized as follows:

	Schools 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%	6.50%
Required Employer Contribution Rate	18.062%	18.062%

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $13,662,911.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $148,732,216. The net pension liability was measured as of June 30, 2018. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2019	**Fiscal Year Ending June 30, 2018**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.557819%	0.550590%	0.007229%

For the year ended June 30, 2019, the District recognized pension expense of $31,757,129. At June 30, 2019, 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	$ 13,662,911	$ -
Net change in proportionate share of net pension liability	8,870,468	-
Difference between projected and actual earnings on pension plan investments	1,219,938	-
Changes of assumptions	14,850,256	-
Differences between expected and actual experience	9,750,339	-
Total	$ 48,353,912	$ -

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 years.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 18,867,793
2021	14,503,669
2022	1,854,291
2023	(534,752)
2024	-
Thereafter	-
Total	$ 34,691,001

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administration expenses.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. 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%)	$ 216,546,994
Current discount rate (7.15%)	148,732,216
1% increase (8.15%)	92,470,150

On-Behalf Payments
The State of California normally makes no contributions to CalPERS on behalf of the District. However, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated contributions of $904,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $5,042,687.

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2019, the District reported payables of $139,652 and $58,563 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2019.

NOTE 9 – JOINT VENTURES

The Riverside Unified School District participates in joint ventures under joint powers agreements with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The District pays an annual premium to the entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The ASCIP JPA provides workers compensation as well as property and liability insurance coverage for its member districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs.

Condensed unaudited financial information for the year ended June 30, 2019, is as follows:

	ASCIP
Assets	$ 454,668,010
Deferred Outflows	1,762,160
Liabilities	251,584,695
Deferred Inflows	442,840
Net Position	$ 204,402,635
Revenues	$ 261,987,745
Expenses	251,547,168
Change in Net Position	$ 10,440,577

NOTE 10 – RISK MANAGEMENT

Property and Liability
The Property and Liability Program, for which the District retains risk of loss, is administered by the Self-Insurance Fund. Excess property and liability coverage is obtained through Alliance of Schools for Cooperative Insurance Programs (ASCIP). General liability claims in excess of a $100,000 self-insured retention are covered up to $5,000,000 per occurrence. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers' Compensation
Workers' compensation claims in excess of a $500,000 self-insured retention are covered up to $10,000,000 per occurrence through ASCIP.

Employee Medical Benefits
Employee life, health, and disability programs are administered through the purchase of commercial insurance and self-insurance.

NOTE 10 – RISK MANAGEMENT (continued)

Unpaid Claims Liabilities
The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represent the changes in approximate aggregate liabilities for the District's workers' compensation and health insurance program from July 1, 2016 to June 30, 2019:

	Health Insurance	Workers' Compensation
Liability Balance, July 1, 2017	$ 1,761,000	$ 6,918,947
Claims and changes in estimates	20,303,841	3,297,505
Claims payments	(20,303,841)	(3,191,188)
Liability Balance, June 30, 2018	1,761,000	7,025,264
Claims and changes in estimates	28,740,617	(2,801,039)
Claims payments	(26,923,803)	2,197,246
Liability Balance, June 30, 2019	$ 3,577,814	$ 6,421,471
Assets available to pay claims at June 30, 2019	$ 4,326,134	$ 13,854,951

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

B. Litigation
The District is involved in various litigation. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the litigation will have a material impact on the financial statements.

C. Construction Commitments
As of June 30, 2019, the District had commitments with respect to unfinished capital projects of $512.3 million to pe paid from a combination of State and local funds.

Required Supplementary Information

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RIVERSIDE UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 391,303,847	$ 392,910,070	$ 393,586,797	$ 676,727
Federal Sources	26,021,335	32,603,357	27,798,291	(4,805,066)
Other State Sources	52,200,174	73,778,967	93,108,382	19,329,415
Other Local Sources	6,544,910	9,502,507	10,230,433	727,926
Total Revenues	476,070,266	508,794,901	524,723,903	15,929,002
Expenditures				
Current:				
Certificated Salaries	227,409,650	228,973,271	228,957,043	16,228
Classified Salaries	73,134,587	74,114,583	75,890,083	(1,775,500)
Employee Benefits	104,866,831	124,547,524	143,229,091	(18,681,567)
Books and Supplies	25,054,163	39,700,959	25,043,502	14,657,457
Services and Other Operating Expenditures	51,973,994	59,361,928	52,362,911	6,999,017
Capital Outlay	3,019,006	12,531,978	6,281,115	6,250,863
Other Outgo	(977,001)	(1,035,741)	(1,006,502)	(29,239)
Total Expenditures	484,481,230	538,194,502	530,757,243	7,437,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,410,964)	(29,399,601)	(6,033,340)	23,366,261
Other Financing Sources and Uses				
Interfund Transfers In	-	-	5,000	5,000
Net Change in Fund Balance	(8,410,964)	(29,399,601)	(6,028,340)	23,371,261
Fund Balances, July 1, 2018	67,741,115	74,888,640	74,888,640	-
Fund Balances, June 30, 2019	$ 59,330,151	$ 45,489,039	$ 68,860,300	$ 23,371,261

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2019

Last Ten Fiscal Years*

	2018	2017	2016	2015	2014
CalSTRS					
District's proportion of the net pension liability	0.4193%	0.4118%	0.4030%	0.3980%	0.3670%
District's proportionate share of the net pension liability	$ 385,336,064	$ 380,853,493	$ 325,950,430	$ 267,949,520	$ 214,463,790
State's proportionate share of the net pension liability associated with the District	220,622,918	225,309,709	185,585,085	141,715,378	129,503,796
Totals	$ 605,958,982	$ 606,163,202	$ 511,535,515	$ 409,664,898	$ 343,967,586
District's covered-employee payroll	$ 225,925,038	$ 220,000,906	$ 203,826,337	$ 184,818,401	$ 166,812,727
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.56%	173.11%	159.92%	144.98%	128.57%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
CalPERS					
District's proportion of the net pension liability	0.5578%	0.5506%	0.5092%	0.4901%	0.4797%
District's proportionate share of the net pension liability	$ 148,732,216	$ 131,440,402	$ 100,567,315	$ 72,241,224	$ 54,457,630
District's covered-employee payroll	$ 74,012,633	$ 70,221,774	$ 61,123,972	$ 54,339,648	$ 61,956,188
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	200.96%	187.18%	164.53%	132.94%	87.90%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

Notes to Schedule:

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2019

Last Ten Fiscal Years*

	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	$ 37,136,060	$ 32,600,983	$ 27,676,114	$ 21,870,566	$ 16,411,874
Contributions in relation to the contractually required contribution	37,136,060	32,600,983	27,676,114	21,870,566	16,411,874
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 228,108,474	$ 225,925,038	$ 220,000,906	$ 203,826,337	$ 184,818,401
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS					
Contractually required contribution	$ 13,662,911	$ 11,494,902	$ 9,752,400	$ 7,241,357	$ 6,396,320
Contributions in relation to the contractually required contribution	13,662,911	11,494,902	9,752,400	7,241,357	6,396,320
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 75,644,505	$ 74,012,633	$ 70,221,774	$ 61,123,972	$ 54,339,648
Contributions as a percentage of covered-employee payroll	18.062%	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

RIVERSIDE UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2019

Last 10 Fiscal Years*

	2018	2017
Total OPEB liability		
Service cost	$ 3,226,771	$ 3,148,069
Interest	2,491,952	2,378,137
Changes of benefit terms	-	329,461
Differences between expected and actual experience	(1,879,271)	-
Changes of assumptions or other inputs	(381,241)	-
Benefit payments	(2,812,372)	(2,936,140)
Net change in total OPEB liability	645,839	2,919,527
Total OPEB liability - beginning	65,154,526	62,234,999
Total OPEB liability - ending	$ 65,800,365	$ 65,154,526
Plan fiduciary net position		
Contributions - employer	$ 2,812,372	$ 22,936,140
Net investment income	1,076,854	773,214
Benefit payments	(2,812,372)	(2,936,140)
Administrative expense	(171,885)	(65,409)
Net change in plan fiduciary net position	904,969	20,707,805
Plan fiduciary net position - beginning	20,707,805	-
Plan fiduciary net position - ending	$ 21,612,774	$ 20,707,805
District's net OPEB liability - ending	$ 44,187,591	$ 44,446,721
Plan fiduciary net position as a percentage of the total OPEB liability	32.85%	31.78%
Covered-employee payroll	$ 297,764,093	$ 273,898,274
Net OPEB liability as a percentage of covered-employee payroll	14.84%	16.23%

Notes to Schedule:

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2019

	2018	2017
District's proportion of net OPEB liability	0.6593%	0.6555%
District's proportionate share of net OPEB liability	$ 2,523,664	$ 2,757,544
Covered-employee payroll	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.40%	0.01%

Notes to Schedule:

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.

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2019

Last 10 Fiscal Years*

	2019	2018
Actuarially determined contribution	$ 3,045,364	$ 2,936,140
Contributions in relation to the actuarially determined contribution	2,812,372	22,936,140
Contribution deficiency (excess)	$ 232,992	$ (20,000,000)
Covered-employee payroll	$ 297,764,093	$ 273,898,274
Contributions as a percentage of covered-employee payroll	0.94%	8.37%

Notes to Schedule:

The District has elected to make an annual contribution equal to the benefit payments. The District share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

Schedule of 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.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

***Change of assumptions* -** In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

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.

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

Supplementary Information

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Riverside Unified School District is governed by a five-member, elected, Board of Education. The District encompasses an area of about 92 square miles located in the northwestern portion of Riverside County. The District encompasses major portions of the City of Riverside. The District was established in 1963 through the unification of the Riverside City School District and the Riverside City High School District. The District operates twenty-nine elementary schools, seven middle schools, five high schools, and nine specialty schools consisting of one adult school, one alternative school of choice, two continuation high schools, one STEM academy, one virtual school, one opportunity school, one special education school, and one preschool.

Governing Board

Member	Office	Term Expires
Dr. Angelov Farooq	President	December 2020
Kathy Y. Allavie	Vice President	December 2022
Tom Hunt	Clerk	December 2020
Patricia Lock-Dawson	Member	December 2020
Brent Lee	Member	December 2022

DISTRICT ADMINISTRATORS

David Hansen, Ed.D.,
Superintendent

Lynn Carmen Day,
Chief Academic Officer

Mays Kakish,
Chief Business Officer and Governmental Relations

Kyley Ybarra,
Assistant Superintendent, Department of Personnel Leadership and Development

Antonio Garcia,
Assistant Superintendent, Professional Growth Systems

Dr. Ryan Lewis,
Assistant Superintendent, Curriculum and Instruction, K-12

Sergio San Martin,
Assistant Superintendent, Operations

Timothy Walker,
Assistant Superintendent, Pupil Services, SELPA, Special Education

Dr. Jacqueline Perez,
Assistant Superintendent, Instructional Support K-12

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2019

	Second Period Report Certificate No. (5B5F93AA)	Annual Report Certificate No. (7F60EC60)
Regular ADA:		
TK/ Grades K-3	11,391.53	11,406.45
Grades 4-6	8,926.13	8,922.94
Grades 7-8	6,308.87	6,305.36
Grades 9-12	12,093.97	12,036.38
Total Regular ADA	38,720.50	38,671.13
Special Education, Nonpublic, Nonsectarian Schools:		
TK/ Grades K-3	2.76	3.11
Grades 4-6	7.74	7.99
Grades 7-8	10.01	10.23
Grades 9-12	30.21	30.60
Total Special Education, Nonpublic, Nonsectarian Schools	50.72	51.93
Total ADA	38,771.22	38,723.06

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2019

Grade Level	Required Minutes	2018-19 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	57,280	181	Complied
Grade 1	50,400	51,600	181	Complied
Grade 2	50,400	51,600	181	Complied
Grade 3	50,400	51,600	181	Complied
Grade 4	54,000	54,062	181	Complied
Grade 5	54,000	54,062	181	Complied
Grade 6	54,000	54,062	181	Complied
Grade 7	54,000	57,610	180	Complied
Grade 8	54,000	57,610	180	Complied
Grade 9	64,800	64,960	180	Complied
Grade 10	64,800	64,997	180	Complied
Grade 11	64,800	64,997	180	Complied
Grade 12	64,800	64,960	180	Complied

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2019

General Fund	(Budget) 2020[3]	2019	2018	2017
Revenues and other financing sources	$ 477,833,820	$ 524,728,903	$ 472,327,204	$ 462,050,323
Expenditures	497,355,807	530,757,243	493,442,243	476,886,484
Other uses and transfers out	-	-	2,520,105	3,064,727
Total outgo	497,355,807	530,757,243	495,962,348	479,951,211
Change in fund balance (deficit)	(19,521,987)	(6,028,340)	(23,635,144)	(17,900,888)
Ending fund balance	$ 49,338,313	$ 68,860,300	$ 74,888,640	$ 98,523,784
Available reserves [1]	$ 19,894,240	$ 10,205,760	$ 9,919,247	$ 9,599,025
Available reserves as a percentage of total outgo[4]	4.0%	1.9%	2.0%	2.0%
Total long-term debt	$ 824,654,260	$ 849,111,924	$ 830,310,935	$ 767,814,649
Average daily attendance at P-2 [2]	38,612	38,771	39,207	39,734

The General Fund balance has decreased by $29,663,484 over the past two years. The fiscal year 2019-20 adopted budget projects a decrease of $19,521,987. For a district of this size, the state recommends available reserves of at least 2% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in all of the past three years, and anticipates incurring an operating deficit during the 2019-20 fiscal year. Long-term debt has increased by $81.3 million over the past two years.

Average daily attendance has decreased by 963 over the past two years. A decrease of 159 ADA is anticipated during the fiscal year 2019-20.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Excludes Adult Education ADA.

[3] Revised Final Budget September, 2019.

[4] The District's available reserves are below the minimum recommended percentage only as a result of the STRS and PERS on-behalf contributions from the State, which increased total expenditures thereby increasing the minimum reserve level. The District has excess available funds assigned for other purposes that can be used towards meeting the reserve levels, if needed.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2019

		Building Fund
June 30, 2019, annual financial and budget report (SACS) fund balances	$	75,813,145
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Accounts payable understated		(595,184)
Net adjustments and reclassifications		(595,184)
June 30, 2019, audited financial statement fund balances	$	75,217,961

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
School Breakfast Program - Especially Needy	10.553	13526	$ 3,591,337	
National School Lunch Program	10.555	13523	12,591,647	
USDA Donated Foods	10.555	N/A	1,497,539	
Subtotal Child Nutrition Cluster				$ 17,680,523
Nutritional Education and Obesity Program	10.561	N/A		103,749
Local Food Promotion Program	10.172	N/A		57,397
Child and Adult Care Food Program	10.558	13393	2,366,458	
Cash in Lieu of Commodities	10.558	13389	18,072	
Subtotal Child and Adult Care Food Program				2,384,530
Total U.S. Department of Agriculture				20,226,199
U.S. Department of Defense:				
Reserve Officer Training Corps (ROTC)	12.357	N/A		247,424
Total U.S. Department of Defense				247,424
National Science Foundation				
Eduation and Human Resources	47.076	N/A		26,045
Total National Science Foundation				26,045
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Basic Education & ESL	84.002A	14508	322,775	
Adult Secondary Education	84.002	13978	130,900	
Subtotal Adult Basic Education Cluster				453,675
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Cluster				
Title I, Part A	84.010	14329	11,423,554	
School Improvement (CSI) Funding for LEAs	84.010	15438	67,337	
Subtotal Title I Cluster				11,490,891
Title II, Part A, Supporting Effective Instruction	84.367	14341		1,176,662
Title III Cluster				
Title III, Limited English Proficiency (LEP) Student Program	84.365	10084	893,412	
Title III, Immigrant Education Program	84.365	15146	93,068	
Subtotal English Language Acquisition Grants Cluster				986,480
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14681		1,444,057
Title VI, Part A, Student Support and Academic Enrichment Grants	84.424	15396		55,736
Title X McKinney-Vento Homeless Assistance Grants	84.196	14332		175,000
Carl D. Perkins Career and Technical Education: Secondary Sec 131	84.048	14894		292,018
Passed through Riverside County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement, Part B	84.027	13379	7,639,987	
Local Assistance, Part B, Private School ISPs	84.027	10115	20,390	
Preschool Grants, Part B, Sec 619	84.173	13430	188,862	
Mental Health Allocation Plan, Part B	84.027A	14468	453,714	
Preschool Staff Development, Part B	84.173A	13431	1,607	
Subtotal Special Education Cluster (IDEA)				8,304,560
Early Intervention Grants	84.181	24314		146,407
We Can Work	84.126A	01110		4,778
Total U.S. Department of Education				24,530,264
U.S. Department of Health & Human Services:				
Passed through Riverside County Office of Education (RCOE):				
Head Start	93.600	10016	1,242,975	
Head Start Child Care Partnership Grant	93.600	15291	106,459	
Subtotal Head Start Cluster				1,349,434
Passed through California Department of Health Services:				
Medi-Cal Administrative Activities	93.778	10060	1,694,362	
Medi-Cal Billing Option	93.778	10013	962,005	
Subtotal Medicaid Cluster				2,656,367
Total U.S. Department of Health & Human Services				4,005,801
Total Expenditures of Federal Awards				$ 49,035,733

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

Charter School	Included in Financial Statements
REACH Leadership Academy (#1409)	Not included
Encore High School for the Arts - Riverside (#1747)	Not included

RIVERSIDE UNIFIED SCHOOL DISTRICT

Combining Balance Sheet - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS								
Cash	$ 1,172,716	$ 577,074	$ 6,238,127	$ 4,594,396	$ 11,008,666	$ -	$ 628,384	$ 24,219,363
Investments	-	-	-	-	-	5,591,167	426,951	6,018,118
Accounts receivable	534,450	182,273	3,108,326	29,061	71,812	-	4,240	3,930,162
Due from other funds	-	-	29,559	-	2,765,375	-	-	2,794,934
Inventories	-	-	340,898	-	-	-	-	340,898
Total Assets	$ 1,707,166	$ 759,347	$ 9,716,910	$ 4,623,457	$ 13,845,853	$ 5,591,167	$ 1,059,575	$ 37,303,475
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	$ 245,570	$ 2,074	$ 164,772	$ 268,428	$ 915,414	$ -	$ -	$ 1,596,258
Due to other funds	77,853	757,273	2,343,187	-	-	2,765,375	-	5,943,688
Total Liabilities	323,423	759,347	2,507,959	268,428	915,414	2,765,375	-	7,539,946
Fund Balances								
Nonspendable	-	-	347,653	-	-	-	-	347,653
Restricted	857,210	-	6,854,087	4,355,029	4,725,344	2,825,792	1,059,575	20,677,037
Committed	-	-	-	-	4,393,751	-	-	4,393,751
Assigned	526,533	-	7,211	-	3,811,344	-	-	4,345,088
Total Fund Balances	1,383,743	-	7,208,951	4,355,029	12,930,439	2,825,792	1,059,575	29,763,529
Total Liabilities and Fund Balances	$ 1,707,166	$ 759,347	$ 9,716,910	$ 4,623,457	$ 13,845,853	$ 5,591,167	$ 1,059,575	$ 37,303,475

RIVERSIDE UNIFIED SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund	Total Non-Major Governmental Funds
REVENUES								
Federal sources	$ 453,675	$ -	$ 20,654,991	$ -	$ -	$ -	$ -	$ 21,108,666
Other state sources	3,287,812	3,313,608	1,937,773	-	-	-	-	8,539,193
Other local sources	41,876	114,075	3,144,904	101,545	694,842	242,256	748,007	5,087,505
Total Revenues	3,783,363	3,427,683	25,737,668	101,545	694,842	242,256	748,007	34,735,364
EXPENDITURES								
Current:								
Instruction	2,651,159	2,678,032	-	-	-	-	-	5,329,191
Instruction-related services:								
Supervision of instruction	50,816	549,976	-	-	-	-	-	600,792
Instructional library, media and technology	2,003	13,556	-	-	-	-	-	15,559
School site administration	940,684	3,402	-	-	-	-	-	944,086
Pupil support services:								
Food services	-	5,342	24,170,287	-	-	-	-	24,175,629
All other pupil services	-	46,347	-	-	-	-	-	46,347
General administration services:								
Plant services	286,468	615	325,407	-	59,616	254,549	-	926,655
Transfers of indirect costs	132,285	130,413	923,603	-	-	-	-	1,186,301
Capital outlay	657,858	-	-	268,428	2,941,041	-	-	3,867,327
Debt service:								
Principal	-	-	-	-	-	-	1,152,694	1,152,694
Interest	-	-	-	-	-	-	844,195	844,195
Issuance costs	-	-	-	-	-	-	211,300	211,300
Total Expenditures	4,721,273	3,427,683	25,419,297	268,428	3,000,657	254,549	2,208,189	39,300,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	(937,910)	-	318,371	(166,883)	(2,305,815)	(12,293)	(1,460,182)	(4,564,712)
OTHER FINANCING SOURCES (USES)								
Interfund transfers in	-	-	-	-	2,765,375	-	1,349,120	4,114,495
Interfund transfers out	-	-	-	-	-	(2,765,375)	-	(2,765,375)
Proceeds from refunding debt	-	-	-	-	-	-	4,170,000	4,170,000
Premium on refunding debt	-	-	-	-	-	-	483,844	483,844
Transfer to escrow agent for defeased debt	-	-	-	-	-	-	(5,171,038)	(5,171,038)
Total Other Financing Sources and Uses	-	-	-	-	2,765,375	(2,765,375)	831,926	831,926
Net Change in Fund Balances	(937,910)	-	318,371	(166,883)	459,560	(2,777,668)	(628,256)	(3,732,786)
Fund Balances, July 1, 2018	2,321,653	-	6,890,580	4,521,912	12,470,879	5,603,460	1,687,831	33,496,315
Fund Balances, June 30, 2019	$ 1,383,743	$ -	$ 7,208,951	$ 4,355,029	$ 12,930,439	$ 2,825,792	$ 1,059,575	$ 29,763,529

NOTE 1 – PURPOSE OF SCHEDULES

Individual Combining Financial Statements

Individual combining balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to financial statements.

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 participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has met its LCFF target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the Education Code.

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.

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 Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2019.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 48,906,957
Differences between Federal Revenues and Expenditures:		
Local Food Promotion Program	10.172	(428,791)
Medi-Cal Billing Option	93.778	557,567
Total Schedule of Expenditures of Federal Awards		$ 49,035,733

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Riverside Unified School District
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Riverside Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Riverside Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Riverside Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Riverside 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Riverside Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
December 9, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Riverside Unified School District
Riverside, California

Report on Compliance for Each Major Federal Program

We have audited Riverside 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 Riverside Unified School District's major federal programs for the year ended June 30, 2019. Riverside Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Riverside 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 Riverside 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 Riverside Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Riverside Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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Report on Internal Control Over Compliance
Management of Riverside 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 Riverside 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 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.

Nigro & Nigro, PC

Murrieta, California
December 9, 2019

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Riverside Unified School District
Riverside, California

Report on State Compliance
We have audited Riverside Unified School District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Riverside Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2019.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Riverside Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2018-19 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 types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Riverside 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 state program. However, our audit does not provide a legal determination of Riverside Unified School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Yes
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

In our opinion, Riverside Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Nigro & Nigro, PC

Murrieta, California
December 9, 2019

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 500.516	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,471,072
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2018-19.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2018-19.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2018-19.

There were no findings or questioned costs in 2017-18.

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Board of Education
Riverside Unified School District
Riverside, California

In planning and performing our audit of the basic financial statements of Riverside Unified School District for the year ending June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 9, 2019 on the financial statements of Riverside Unified School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

***Observation**:* During our review of cash disbursements, we noted that approvals are not consistently obtained prior to making a purchase.

> ***Recommendation:*** As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. Education Code Section 48933(b) requires all payments from ASB funds be authorized by a student representative, an advisor, and a district representative prior to disbursing the funds.

Observation: During our testing of cash receipts we identified deposits which were lacking complete supporting documentation. Without adequate and complete supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account. Additionally, we found some deposits at these sites that were not made in a timely manner. These untimely deposits were collected by other departments at the school and were delayed in being delivered to the ASB bookkeeper.

> ***Recommendation:*** We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. Additionally, we recommend that the site emphasize to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed.

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

Nigro & Nigro, PC

Murrieta, California
December 9, 2019

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