RIVERSIDE UNIFIED SCHOOL DISTRICT
RIVERSIDE COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO PC

RIVERSIDE UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2023
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INDEPENDENT AUDITORS' REPORT

Board of Education
Riverside Unified School District
Riverside, California

Report on the Audit of the Financial Statements

Opinions
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Unified School District, as of June 30, 2023, 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.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the LEA Organization Structure and the Schedule of Charter Schools, 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure and the Schedule of Charter Schools, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure and the Schedule of Charter Schools 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 November 30, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
November 30, 2023

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, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by $232.2 million.
- Governmental expenses were about $644.4 million. Revenues were about $876.6 million.
- The District acquired over $54.5 million in new capital assets during the year.
- Governmental funds increased by $227.0 million.
- Reserves for the General Fund increased by $4.0 million. Revenues and financing sources were $793.6 million, and expenditures and other financing uses were $665.9 million.

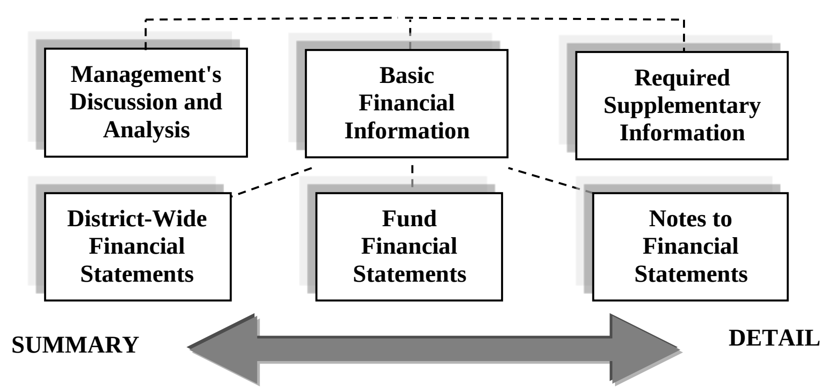
OVERVIEW OF THE FINANCIAL STATEMENTS

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 custodian 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)

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

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 is properly using certain revenues.

The District has three kinds of funds:

1) ***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.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

2) ***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 programs for workers' compensation claims, health and welfare benefits, and property and liability claims.

3) ***Fiduciary funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include CFD and OPEB Trust custodial funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2023, than it was the year before – increasing to $219.3 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2023	**2022***	**Net Change**
Assets			
Current assets	$ 672,227,519	$ 405,928,745	$ 266,298,774
Capital assets	522,964,515	481,744,822	41,219,693
Total assets	1,195,192,034	887,673,567	307,518,467
Total Deferred outflows of resources	197,508,007	125,657,976	71,850,031
Liabilities			
Current liabilities	100,364,984	62,350,624	38,014,360
Long-term liabilities	968,501,228	731,107,669	237,393,559
Total liabilities	1,068,866,212	793,458,293	275,407,919
Total Deferred inflows of resources	104,503,693	232,759,424	(128,255,731)
Net position			
Net investment in capital assets	223,577,751	181,352,693	42,225,058
Restricted	277,844,251	163,694,491	114,149,760
Unrestricted	(282,091,866)	(357,933,358)	75,841,492
Total net position	$ 219,330,136	$ (12,886,174)	$ 232,216,310

* *As restated*

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities. The District's total revenues increased 33.7% to $876.6 million (See Table A-2). The increase is due primarily to increased federal and state operating grants.

The total cost of all programs and services increased 16.8% to $644.4 million. The District's expenses are predominantly related to educating and caring for students, 80.1%. The purely administrative activities of the District accounted for just 5.5% of total costs. Significant contributors to the increase in costs was increased spending from federal and state grants, increased salaries and benefits costs, and increased pension expenses.

Table A-2: Statement of Activities

	Governmental Activities		
	2023	**2022**	**Net Change**
Revenues			
Program Revenues:			
Charges for services	$ 7,732,901	$ 4,137,046	$ 3,595,855
Operating grants and contributions	264,450,190	153,536,771	110,913,419
General Revenues:			
Property taxes	168,337,361	151,887,807	16,449,554
Federal and state aid not restricted	402,547,415	340,238,660	62,308,755
Other general revenues	33,567,809	6,056,998	27,510,811
Total Revenues	876,635,676	655,857,282	220,778,394
Expenses			
Instruction-related	423,289,788	365,205,906	58,083,882
Pupil services	93,132,102	75,501,510	17,630,592
Administration	35,409,876	20,058,860	15,351,016
Plant services	67,519,361	54,823,581	12,695,780
All other activities	25,068,239	36,030,232	(10,961,993)
Total Expenses	644,419,366	551,620,089	92,799,277
Increase (decrease) in net position	$ 232,216,310	$ 104,237,193	$ 127,979,117
Total Net Position	$ 219,330,136	$ (12,886,174)	

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 $545.3 million, which is above last year's ending fund balance of $318.3 million. The primary causes of the increased fund balance are increased federal and state grants, plus the issuance of Measure "O" general obligation bonds.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2022	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
Fund					
General Fund	$ 190,269,299	$ 790,468,757	$ 662,713,630	$ (56,790)	$ 317,967,636
Student Activities Fund	2,462,756	2,469,037	2,550,966	-	2,380,827
Adult Education Fund	1,340,722	4,032,778	4,348,958	-	1,024,542
Child Development Fund	188,909	4,482,084	4,520,330	-	150,663
Cafeteria Fund	19,542,424	41,929,729	29,472,545	-	31,999,608
Building Fund	43,838,470	1,030,290	26,578,811	80,146,253	98,436,202
Capital Facilities Fund	5,815,326	4,758,390	1,473,525	(1,564,866)	7,535,325
Special Reserve Fund (Capital Outlay)	8,773,909	24,960,157	7,668,381	-	26,065,685
Capital Projects Fund for Blended Component Units	8,964,509	770,238	1,420,100	1,467,103	9,781,750
Bond Interest and Redemption Fund	36,416,762	32,570,761	31,074,625	11,341,866	49,254,764
Debt Service Fund	695,564	21,461	1,571,247	1,564,866	710,644
Totals	$ 318,308,650	$ 907,493,682	$ 773,393,118	$ 92,898,432	$ 545,307,646

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $176.8 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $0.9 million to reflect revised cost estimates.
- Other non-personnel expenses – increased $75.9 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $59.1 million, the actual results for the year show that revenues exceeded expenditures by roughly $127.8 million. Actual revenues were $38.9 million less than anticipated, and expenditures were $107.6 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2023, that will be carried over into the 2023-24 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had acquired $54.5 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $11.0 million and amortization was $1.4 million.

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

	Governmental Activities		
	2023	**2022***	**Net Change**
Land	$ 49,794,400	$ 46,788,958	$ 3,005,442
Buildings and improvements	297,102,917	258,104,309	38,998,608
Equipment	7,773,107	4,904,325	2,868,782
Construction in progress	165,561,990	170,960,769	(5,398,779)
Subscription assets	2,732,101	986,461	1,745,640
Total	$ 522,964,515	$ 481,744,822	$ 41,219,693

* *As restated*

Long-Term Debt

At year-end the District had $968.5 million in long-term liabilities – an increase of 32.5% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

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

	Governmental Activities		
	2023	**2022***	**Net Change**
General obligation bonds	$ 415,518,238	$ 344,744,331	$ 70,773,907
Certificates of participation	2,752,270	3,248,098	(495,828)
Site Lease-Purchase Agreement	8,537,000	9,329,000	(792,000)
Subscription Liability	1,767,447	986,461	780,986
Supplemental Employee Retirement Plan	11,648,358	17,760,560	(6,112,202)
Compensated Absences	12,846,640	11,760,144	1,086,496
Claims Liabilities	12,920,577	12,751,394	169,183
Other postemployment benefits	56,283,568	40,310,949	15,972,619
Net pension liability	446,227,130	290,216,732	156,010,398
Total	$ 968,501,228	$ 731,107,669	$ 237,393,559

* *As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by $2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored $1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education

Funds Modest Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down $3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by $953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits

In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of $7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of $1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

Provides Large COLA to School and Community College Districts

In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is $4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes $300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as $250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap

The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses $1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas ($1.6 billion for schools and $290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Funds School Facilities Grants

The 2022-23 budget package provided $1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional $2.1 billion in 2023-24 and $875 million in 2024-25. The budget provides about $2 billion to the SFP in 2023-24, which is $100 million less than the previously intended augmentation, and continues to assume an additional $875 million will be provided in 2024-25. The budget also delays the intended $550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the Riverside Unified School District budget for the 2023-24 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 Nickie Hoff, Director of Business Services at (951) 352-6729, or 6050 Industrial Avenue, Riverside, California 92504.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Deposits and investments	$ 611,542,180
Accounts receivable	58,664,901
Inventories	1,954,071
Other current assets	66,367
Capital assets:	
Non-depreciable capital assets	215,356,390
Depreciable capital assets	673,309,209
Less accumulated depreciation	(368,433,185)
Subscription assets	4,095,221
Less accumulated amortization	(1,363,120)
Total assets	1,195,192,034
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	4,686,304
Deferred outflows related to OPEB	27,301,569
Deferred outflows related to pensions	165,520,134
Total deferred outflows of resources	197,508,007
LIABILITIES	
Accounts payable	80,573,654
Accrued interest payable	6,400,479
Unearned revenue	13,390,851
Noncurrent liabilities:	
Due or payable within one year	26,968,454
Due in more than one year:	
Other than OPEB and pensions	439,022,076
Total OPEB liability	56,283,568
Net pension liability	446,227,130
Total liabilities	1,068,866,212
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	19,119,935
Deferred inflows related to pensions	85,383,758
Total deferred inflows of resources	104,503,693
NET POSITION	
Net investment in capital assets	223,577,751
Restricted for:	
Capital projects	17,731,527
Debt service	49,971,558
Student activities	2,380,827
Self-insurance programs	20,034,791
Categorical programs	187,725,548
Unrestricted	(282,091,866)
Total net position	$ 219,330,136

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 353,400,973	$ 79,909	$ 172,366,981	$ (180,954,083)
Instruction-Related Services:				
Supervision of instruction	25,157,549	49,067	12,078,974	(13,029,508)
Instructional library, media and technology	4,797,629	-	205,637	(4,591,992)
School site administration	39,933,637	342	5,807,400	(34,125,895)
Pupil Support Services:				
Home-to-school transportation	19,083,061	-	420,691	(18,662,370)
Food services	29,954,679	1,313,426	37,873,943	9,232,690
All other pupil services	44,094,362	88,445	9,734,496	(34,271,421)
General Administration Services:				
Data processing services	5,590,672	24	1,035,297	(4,555,351)
Other general administration	29,819,204	64,955	4,853,887	(24,900,362)
Plant services	67,519,361	34,715	3,901,004	(63,583,642)
Ancillary services	9,060,323	1,401,500	1,227,105	(6,431,718)
Community services	197,438	518	816	(196,104)
Enterprise activities	846,708	-	2	(846,706)
Interest on long-term debt	12,620,919	-	-	(12,620,919)
Other outgo	979,731	4,700,000	14,943,957	18,664,226
Amortization (unallocated)	1,363,120	-	-	(1,363,120)
Total Governmental Activities	$ 644,419,366	$ 7,732,901	$ 264,450,190	(372,236,275)

General Revenues:	
Property taxes	168,337,361
Federal and state aid not restricted to specific purpose	402,547,415
Interest and investment earnings	1,520,070
Miscellaneous	32,047,739
Subtotal general revenues	604,452,585
Change in net position	232,216,310
Net position - July 1, 2022, as originally stated	184,672,285
Adjustments for restatements (Note 13)	(197,558,459)
Net position - July 1, 2022, as restated	(12,886,174)
Net position - June 30, 2023	$ 219,330,136

RIVERSIDE UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 343,457,320	$ 101,510,412	$ 19,135,173	$ 116,741,955	$ 580,844,860
Accounts receivable	48,912,610	1,511,911	1,217,939	6,371,694	58,014,154
Due from other funds	791,578	-	1,648	2,016,802	2,810,028
Stores inventories	193,590	-	-	1,760,481	1,954,071
Other current assets	-	-	-	66,367	66,367
Total Assets	$ 393,355,098	$ 103,022,323	$ 20,354,760	$ 126,957,299	$ 643,689,480
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 59,330,801	$ 4,585,653	$ 12,762,316	$ 2,799,713	$ 79,478,483
Due to other funds	4,721,347	468	57,119	733,566	5,512,500
Unearned revenue	11,335,314	-	-	2,055,537	13,390,851
Total Liabilities	75,387,462	4,586,121	12,819,435	5,588,816	98,381,834
Fund Balances					
Nonspendable	343,590	-	-	1,768,507	2,112,097
Restricted	154,461,199	100,634,834	7,949,777	93,629,977	356,675,787
Committed	136,778,293	-	-	-	136,778,293
Assigned	-	-	-	26,198,528	26,198,528
Unassigned	26,384,554	(2,198,632)	(414,452)	(228,529)	23,542,941
Total Fund Balances	317,967,636	98,436,202	7,535,325	121,368,483	545,307,646
Total Liabilities and Fund Balances	$ 393,355,098	$ 103,022,323	$ 20,354,760	$ 126,957,299	$ 643,689,480

RIVERSIDE UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds			$ 545,307,646
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets less accumulated depreciation and lease and subscription assets less accumulated amortization.			
	Capital assets at historical cost	888,665,599	
	Accumulated depreciation	(368,433,185)	
	Subscription assets at historical cost	4,095,221	
	Accumulated amortization	(1,363,120)	
	Net:		522,964,515
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:			(6,400,479)
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. The remaining deferred amounts on refunding at the end of the period were:			4,686,304
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	415,518,238	
	Certificates of participation payable	2,752,270	
	Site lease-purchase agreement	8,537,000	
	Subscription liability	1,767,447	
	Compensated absences payable	12,846,640	
	Supplemental employee retirement plan	11,648,358	
	Other postemployment benefits	56,283,568	
	Net pension liability	446,227,130	
	Total		(955,580,651)
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:			
	Deferred outflows of resources	27,301,569	
	Deferred inflows of resources	(19,119,935)	
	Total		8,181,634
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:			
	Deferred outflows of resources	165,520,134	
	Deferred inflows of resources	(85,383,758)	
	Total		80,136,376
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 is:			20,034,791
Total net position - governmental activities			$ 219,330,136

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 510,477,812	$ -	$ -	$ -	$ 510,477,812
Federal sources	64,437,961	-	-	24,819,015	89,256,976
Other state sources	196,493,094	-	-	23,752,851	220,245,945
Other local sources	19,059,890	1,030,290	4,758,390	62,664,379	87,512,949
Total Revenues	790,468,757	1,030,290	4,758,390	111,236,245	907,493,682
EXPENDITURES					
Current:					
Instruction	399,887,109	-	-	6,006,011	405,893,120
Instruction-Related Services:					
Supervision of instruction	27,085,946	-	-	739,601	27,825,547
Instructional library, media and technology	4,262,446	-	-	-	4,262,446
School site administration	42,383,527	-	-	1,203,513	43,587,040
Pupil Support Services:					
Home-to-school transportation	18,788,944	-	-	-	18,788,944
Food services	1,340,272	-	-	28,494,081	29,834,353
All other pupil services	47,930,518	-	-	85,727	48,016,245
Ancillary services	6,768,442	-	-	2,550,966	9,319,408
Community services	209,972	-	-	-	209,972
Enterprise activities	500	-	-	-	500
General Administration Services:					
Data processing services	7,179,360	-	-	-	7,179,360
Other general administration	28,789,258	-	459,430	5,280	29,253,968
Transfers of indirect costs	(757,679)	-	-	757,679	-
Plant services	59,656,522	-	-	1,055,221	60,711,743
Capital outlay	17,416,081	26,001,811	1,014,095	9,083,201	53,515,188
Intergovernmental transfers	402,731	-	-	-	402,731
Debt service:					
Issuance costs	-	577,000	-	-	577,000
Principal	1,341,313	-	-	20,262,000	21,603,313
Interest	28,368	-	-	12,383,872	12,412,240
Total Expenditures	662,713,630	26,578,811	1,473,525	82,627,152	773,393,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	127,755,127	(25,548,521)	3,284,865	28,609,093	134,100,564
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	8,300	154,553	-	1,564,866	1,727,719
Interfund transfers out	(3,173,850)	(8,300)	(1,564,866)	-	(4,747,016)
Proceeds from subscription-based IT arrangements	3,108,760	-	-	-	3,108,760
Issuance of debt - general obligation bonds	-	80,000,000	-	-	80,000,000
Issuance of non-obligatory debt	-	-	-	1,467,103	1,467,103
Premium on bond issuances	-	-	-	11,341,866	11,341,866
Total Other Financing Sources and Uses	(56,790)	80,146,253	(1,564,866)	14,373,835	92,898,432
Net Change in Fund Balances	127,698,337	54,597,732	1,719,999	42,982,928	226,998,996
Fund Balances, July 1, 2022	190,269,299	43,838,470	5,815,326	78,385,555	318,308,650
Fund Balances, June 30, 2023	$ 317,967,636	$ 98,436,202	$ 7,535,325	$ 121,368,483	$ 545,307,646

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, 2023

Total net change in fund balances - governmental funds			$ 226,998,996
Amounts reported for governmental *activities* in the statement of activities are different because:			
In governmental funds, the costs of capital assets, lease assets and subscription assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets, lease assets and subscription assets are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:			
	Expenditures for capital outlay	54,523,005	
	Depreciation expense	(10,953,731)	
	Amortization expense	(1,363,120)	
			42,206,154
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:			21,603,313
In governmental funds, issuances of debt are recognized as other financing sources. In the government-wide statements, issuances from debt are reported as increases to liabilities. Amounts recognized in governmental funds, net of issue premium were:			(94,450,626)
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 shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:			(617,078)
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premiums or discount for the period was:			1,593,787
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:			(1,213,756)
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 measured by the amount of financial resources used (essentially, the amounts actually paid).			(1,086,496)
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, supplemental employee retirement plans. This year, expenses incurred for such obligations were:			6,112,202
In government 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 accrual-basis pension costs and actual employer contributions was:			29,942,871
In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:			(1,203,048)
The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.			2,329,991
Change in net position of governmental activities			$ 232,216,310

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2023

		Governmental Activities
		Internal Service Funds
ASSETS		
Curret Assets		
Deposits and investments	$	30,697,320
Accounts receivable		650,747
Due from other funds		2,715,977
Total Assets		34,064,044
LIABILITIES		
Current Liabilities		
Accrued liabilities		1,095,171
Due to other funds		13,505
Total current liabilities		1,108,676
Non-Current Liabilities		
Claims liability		12,920,577
Total Liabilities		14,029,253
NET POSITION		
Restricted for self-insurance	$	20,034,791

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund

For the Fiscal Year Ended June 30, 2023

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
STRS on-behalf contributions	$ 6,765
Charges to other funds	39,456,945
Other local revenues	9,512,235
Total operating revenues	48,975,945
OPERATING EXPENSES	
Salaries and benefits	1,782,340
Supplies and materials	10,822
Services and other operating expenses	48,539,481
Total operating expenses	50,332,643
Operating Income (Loss)	(1,356,698)
NON-OPERATING REVENUES	
Interest income	760,223
Net decrease in the fair value of investments	(92,831)
Interfund transfers in	3,019,297
Total non-operating revenues	3,686,689
Change in net position	2,329,991
Net position, July 1, 2022	17,704,800
Net position, June 30, 2023	$ 20,034,791

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2023

		Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from assessments made to other funds	$	37,509,983
Cash received from all other sources		9,519,000
Cash payments for payroll, insurance and operating costs		(49,225,835)
Net cash provided (used) by operating activities		(2,196,852)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from interfund transfers		3,019,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		349,566
Net decrease in the fair value of investments		(92,831)
Net cash provided by investing activities		256,735
Net increase (decrease) in cash and cash equivalents		1,079,180
Cash, July 1, 2022		29,618,140
Cash, June 30, 2023	$	30,697,320
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(1,356,698)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		254,071
(Increase) decrease in due from other funds		(2,201,033)
Increase (decrease) in accounts payable		925,987
Increase (decrease) in due to other funds		11,638
Increase (decrease) in claims liability		169,183
Net cash provided (used) by operating activities	$	(2,196,852)

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2023

	Debt Service Funds for Special Tax Bonds	OPEB Trust Fund	Foundation Trust Fund
ASSETS			
Deposits and investments	$ 16,939,467	$ 25,034,428	$ 252,116
Accounts receivable	-	-	4,378
Total Assets	16,939,467	25,034,428	256,494
LIABILITIES			
Accounts payable	-	-	1,000
NET POSITION			
Restricted for:			
CFD debt service	16,939,467	-	-
Other postemployment benefits	-	25,034,428	-
Individuals and organizations	-	-	255,494
Total Net Position	$ 16,939,467	$ 25,034,428	$ 255,494

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

June 30, 2023

	Debt Service Funds for Special Tax Bonds	OPEB Trust Fund	Foundation Trust Fund
ADDITIONS			
Local property taxes	$ 11,170,163	$ -	$ -
Interest and investment earnings	309,590	1,008,960	7,232
Realized and unrealized gains (losses) on investments	-	748,175	-
All other sources	906,813	-	6,182
Total Additions	12,386,566	1,757,135	13,414
DEDUCTIONS			
Supplies and materials	-	-	3,857
General administration	317,437	137,891	9,487
Debt service - interest	5,063,334	-	-
Debt service - principal	5,410,000	-	-
Total Deductions	10,790,771	137,891	13,344
Change in fiduciary net position	1,595,795	1,619,244	70
Net position - July 1, 2022	15,343,672	23,415,184	255,424
Net position - June 30, 2023	$ 16,939,467	$ 25,034,428	$ 255,494

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the 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 Education of the component units is essentially the same as the Board of Education 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") and Riverside USD Facilities Corporation (the "Corporation") financial activity are presented in the financial statements as the Debt Service Fund. Certificates of participation and other debt issued by the Authority and the Corporation are included as long-term liabilities in the District-wide financial statements. Individually prepared financial statements are not prepared for the Authority or the Corporation.

Riverside Unified School District (the "District"), the Riverside Unified School District Financing Authority (the Authority), the Riverside Unified School District School Facilities Corporation (the Corporation) and Community Facilities Districts (CFDs) have a financial and operational relationship which meets the reporting entity definition criteria of 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

The following are those aspects of the relationship among the District, the Authority, the Corporation and the CFDs which satisfy GASB Statement No. 14 criteria:

Oversight Responsibility:

1. The Authority and Corporation's Board of Directors were appointed by the District's Board of Education.
2. The District is able to impose its will upon the Authority, Corporation and CFDs, based on the following:
    a. The Authority, Corporation and CFDs have no employees. The District's Assistant Superintendent of Business Services functions as an agent of the entities. The Assistant Superintendent of Business Services does not receive additional compensation for work performed in this capacity.

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.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-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. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains 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.).

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.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

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).

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.

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 (continued)

Capital Projects Funds (continued)

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.

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

Debt Service Fund: This fund is used to account for the interest and redemption of principal of Certificates of Participation.

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 funds:

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.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds in the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial 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 fund:

Debt Service Fund for Special Tax Bonds: This fund is used to account for the accumulation of resources for, and the repayment of, Community Facility District bonds, interest and related costs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Fiduciary Funds (continued)

OPEB Trust Fund: 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.

Foundation Trust Fund: This fund is used to fund scholarships awarded to deserving students, and to provide grants to teachers for classroom and instructional projects and programs.

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 District-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.

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 District-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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions (continued)
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.

C. Budgetary Data
The budgetary process is prescribed by provisions of the California *Education Code* and requires the Board of Education to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District Board of Education 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
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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets (continued)

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

Description	Estimated Lives
Buildings	20-50 years
Improvements/Infrastructure	5-50 years
Equipment	5-20 years

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 District-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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases

Lessee:
At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:
At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Subscription-Based Information Technology Arrangements

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

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. 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.

10. 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.

11. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Fund Balances (continued)

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.

12. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Chief Financial Officer to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

The District's minimum reserve standard is 2% of total General Fund expenditures, transfers out, and other uses, as per the recommended level for districts with more than 30,000 ADA (California Department of Education), but governing board policy requires a minimum reserve of 4%.

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 Board of Education 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.

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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Governmental funds	$	580,844,860
Proprietary funds		30,697,320
Governmental Activities		611,542,180
Fiduciary funds		42,226,011
Total deposits and investments	$	653,768,191

Deposits and investments as of June 30, 2023 consist of the following:

Cash on hand and in banks	$	2,206,949
Cash in revolving fund		158,026
Cash with fiscal agent		1,100,000
Cash collections awaiting deposit		563,858
Investments		649,739,358
Total deposits and investments	$	653,768,191

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Riverside County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Riverside County Treasurer for the entire portfolio (in relation to the amortized cost of that polio). The balance available for withdrawal is based on the accounting records maintained by the Riverside County Treasurer, which is recorded on the amortized basis.

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).

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, 2023, $15.1 million 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 or designee prior to commitment. Maturities of investments held at June 30, 2023, consist of the following:

			Maturity		
	Rating	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investment maturities:					
Riverside County Investment Pool	N/A	$ 597,566,477	$ 597,566,477	$ -	Uncategorized
U.S. Bank - Money Market	N/A	26,721,453	26,721,453	-	Level 1
U.S. Bank - Surety Bond	N/A	417,000	417,000	-	Level 1
Mutual Fund - Fixed Income	N/A	12,237,286	12,237,286	-	Level 1
Mutual Fund - Domestic Equity	N/A	8,454,842	8,454,842	-	Level 1
Mutual Fund - International Equity	N/A	2,545,661	2,545,661	-	Level 1
Mutual Fund - Real Estate	N/A	1,796,639	1,796,639	-	Level 1
Total Investments		$ 649,739,358	$ 649,739,358	$ -	

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2023, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had the following investments that represent more than five percent of the District's net investments, other than the County Pool.

First America Treasury Obligations:	
U.S. Bank - Money Market	51.2%
Mutual Fund - Fixed Income	23.5%
Mutual Fund - Domestic Equity	16.2%

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, 2023, consisted of the following:

	Governmental Activities						
	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Funds	Fiduciary Funds
Federal Government:							
Categorical aid programs	$ 23,460,166	$ -	$ -	$ 2,432,045	$ 25,892,211	$ -	$ -
State Government:							
LCFF sources	5,900,329	-	-	-	5,900,329	-	-
Special education	3,989	-	-	-	3,989	-	-
Lottery	1,238,282	-	-	-	1,238,282	-	-
Categorical aid programs	13,601,259	-	-	1,607,724	15,208,983	-	-
Local:							
Interest	4,547,515	1,511,911	263,951	550,643	6,874,020	464,996	4,378
ASB funds	-	-	-	9,835	9,835	-	-
Other local	161,070	-	953,988	1,771,447	2,886,505	185,751	-
Total	$ 48,912,610	$ 1,511,911	$ 1,217,939	$ 6,371,694	$ 58,014,154	$ 650,747	$ 4,378

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2023, consisted of the following:

	Due From Other Funds				
	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Self-Insurance Fund	Total
General Fund	$ -	$ -	$ 2,005,370	$ 2,715,977	$ 4,721,347
Building Fund	468	-	-	-	468
Capital Facilities Fund	57,119	-	-	-	57,119
Non-Major Governmental Funds	722,979	1,648	8,939	-	733,566
Self-Insurance Fund	11,012	-	2,493	-	13,505
Total	$ 791,578	$ 1,648	$ 2,016,802	$ 2,715,977	$ 5,526,005

Special Reserve Fund for Capital Outlay Projects due to Capital Facilities Fund for expense transfer	$ 1,648
General Fund due to Self-Insurance Fund for contribution	2,715,977
Adult Education Fund due to General Fund for direct and indirect costs	384,266
General Fund due to Adult Education Fund for payroll transfer	4,903
Child Development Fund due to General Fund for direct and indirect costs	174,976
General Fund due to Child Development Fund to transfer revenues deposited into the incorrect fund	1,990,447
Cafeteria Fund due to General Fund for direct and indirect costs	163,737
General Fund due to Cafeteria Fund for indirect cost correction	10,020
Self-Insurance Fund due to Cafeteria Fund for workers compensation allocation	2,493
Self-Insurance Fund due to General Fund for workers compensation allocation	11,012
Capital Facilties Fund to General Fund for administrative costs & reimbursments	57,119
Building Fund to General Fund for expense transfer	468
All other miscellaneous due to and due from non-major amounts	8,939
Total	$ 5,526,005

NOTE 4 – INTERFUND TRANSACTIONS (continued)

B. Interfund Transfers In/Out

Interfund transfers in/out of other funds during the 2022-23 year consisted of the following:

Capital Facilities Fund transfer to Debt Service Fund for developer fees	$	1,564,866
General Fund transfer to Building Fund for expenditure reimbursement		154,553
Building Fund transfer to General Fund for expenditure reimbursement		8,300
General Fund transfer to Self-Insurance Fund for COVID testing and increased H&W costs		3,019,297
Total interfund transfers	$	4,747,016

NOTE 5 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 150,000	$ -	$ -	$ 8,026	$ 158,026
Stores inventories	193,590	-	-	1,760,481	1,954,071
Total Nonspendable	343,590	-	-	1,768,507	2,112,097
Restricted:					
Categorical programs	154,461,199	-	-	1,052,569	155,513,768
Student body activities	-	-	-	2,283,331	2,283,331
Child nutrition program	-	-	-	30,540,769	30,540,769
Capital projects	-	100,634,834	7,949,777	9,781,750	118,366,361
Debt service	-	-	-	49,971,558	49,971,558
Total Restricted	154,461,199	100,634,834	7,949,777	93,629,977	356,675,787
Committed:					
Other commitments	136,778,293	-	-	-	136,778,293
Total Committed	136,778,293	-	-	-	136,778,293
Assigned:					
Other assignments	-	-	-	26,198,528	26,198,528
Total Assigned	-	-	-	26,198,528	26,198,528
Unassigned:					
Reserve for economic uncertainties	26,384,554	-	-	-	26,384,554
Remaining unassigned balances	-	(2,198,632)	(414,452)	(228,529)	(2,841,613)
Total Unassigned	26,384,554	(2,198,632)	(414,452)	(228,529)	23,542,941
Total	$ 317,967,636	$ 98,436,202	$ 7,535,325	$ 121,368,483	$ 545,307,646

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

Capital assets not being depreciated:	Audited Balance, July 1, 2022	Adjustments for Restatements	Restated Balance, July 1, 2022	Additions	Deletions	Balance, June 30, 2023
Land	$ 46,788,958	$ -	$ 46,788,958	$ 3,005,442	$ -	$ 49,794,400
Construction in progress	329,652,100	(158,691,331)	170,960,769	43,050,739	48,449,518	165,561,990
Total capital assets not being depreciated	376,441,058	(158,691,331)	217,749,727	46,056,181	48,449,518	215,356,390
Capital assets being depreciated:						
Buildings and improvements	649,235,312	(39,163,772)	610,071,540	48,817,719	-	658,889,259
Equipment	10,589,896	-	10,589,896	4,003,402	173,348	14,419,950
Total capital assets being depreciated	659,825,208	(39,163,772)	620,661,436	52,821,121	173,348	673,309,209
Accumulated depreciation for:						
Buildings and improvements	(352,263,875)	296,644	(351,967,231)	(9,819,111)	-	(361,786,342)
Equipment	(5,685,571)	-	(5,685,571)	(1,134,620)	(173,348)	(6,646,843)
Total accumulated depreciation	(357,949,446)	296,644	(357,652,802)	(10,953,731)	(173,348)	(368,433,185)
Total capital assets being depreciated, net	301,875,762	(38,867,128)	263,008,634	41,867,390	-	304,876,024
Capital assets, net	678,316,820	(197,558,459)	480,758,361	87,923,571	48,449,518	520,232,414
Subscription assets	-	986,461	986,461	3,108,760	-	4,095,221
Accumulated amortization	-	-	-	(1,363,120)	-	(1,363,120)
Total capital assets, net	$ 678,316,820	$ (196,571,998)	$ 481,744,822	$ 89,669,211	$ -	$ 522,964,515

Depreciation by Function:	Governmental Activities
Instruction	$ 6,769,714
Supervision of instruction	425,010
Instructional library, media and technology	65,730
School site administration	718,439
Home-to-school transportation	294,898
Food services	412,775
All other pupil services	589,027
All other general administration	370,523
Ancillary services	113,079
Community services	737
Enterprise activities	542
Centralized data processing	103,579
Plant services	1,089,678
Total depreciation expense	$ 10,953,731

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term liabilities other than OPEB or pensions for the fiscal year ended June 30, 2023, were as follows:

	Balance, July 1, 2022*	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 321,490,000	$ 80,000,000	$ 19,030,000	$ 382,460,000	$ 16,480,000
Unamortized Issuance Premium	23,254,331	11,341,866	1,537,959	33,058,238	1,927,379
Total GO Bonds	344,744,331	91,341,866	20,567,959	415,518,238	18,407,379
Certificates of Participation					
Principal Payments	2,955,000	-	440,000	2,515,000	460,000
Unamortized Issuance Premium	293,098	-	55,828	237,270	55,828
Total Certificates of Participation	3,248,098	-	495,828	2,752,270	515,828
Site Lease-Purchase Agreement	9,329,000	-	792,000	8,537,000	809,000
Subscription Liability	986,461	3,108,760	1,341,313	1,767,447	1,124,045
Supplemental Employee Retirement Plan	17,760,560	-	6,112,202	11,648,358	6,112,202
Compensated Absences	11,760,144	1,086,496	-	12,846,640	-
Claims Liabilities	12,751,394	169,183	-	12,920,577	-
Totals	$ 400,579,988	$ 95,706,305	$ 29,309,302	$ 465,990,530	$ 26,968,454

* *As restated for the implementation of GASB Statement No.96*

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Payments on the Certificates of Participation and the site lease-purchase agreement are made by the Special Reserve Fund for Capital Outlay. The compensated absences will be paid by the fund for which the employee worked. The subscription software liability and the supplemental early retirement plan will be paid from the General Fund. The claims liability will be paid by the Internal Service Fund.

A. General Obligation Bonds

Election of 2016 (Measure O)
On November 8, 2016, the voters of the District approved, by more than a 55% majority, Measure "O", authorizing the District to issue up to $392 million in bonds with revenue going to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities.

Defeasance of Debt
The District has defeased certain general obligation bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, any trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, no principal balance is outstanding on the defeased debt.

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, 2023, deferred outflows on refunding, including refunding certificates of participation as described in Note 7.B., were $4,686,304.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The County Board is empowered and obligated to annually levy such ad valorem property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

Below is a schedule of bonds issued and outstanding as of June 30, 2023.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Refunding Bonds								
2015 Refunding	6/17/2015	8/1/2030	2.0%-5.0%	$ 48,810,000	$ 31,455,000	$ -	$ 1,350,000	$ 30,105,000
2016 Refunding	5/25/2016	8/1/2038	0.7%-4.32%	53,365,000	50,435,000	-	405,000	50,030,000
2019 Refunding	12/17/2019	2/1/2027	1.696%-2.505%	26,555,000	21,110,000	-	3,565,000	17,545,000
Election of 2016 (Measure O)								
Series A	5/25/2017	8/1/2041	3.0%-5.0%	100,000,000	66,635,000	-	3,075,000	63,560,000
Series B	12/17/2019	8/1/2042	3.0%-4.0%	172,000,000	151,855,000	-	10,635,000	141,220,000
Series C	2/14/2023	8/1/2042	5.00%	80,000,000	-	80,000,000	-	80,000,000
			Totals	$ 480,730,000	$ 321,490,000	$ 80,000,000	$ 19,030,000	$ 382,460,000

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2023-2024	$ 16,480,000	$ 15,162,859	$ 31,642,859
2024-2025	17,630,000	14,599,573	32,229,573
2025-2026	18,320,000	13,842,505	32,162,505
2026-2027	14,530,000	13,162,422	27,692,422
2027-2028	9,045,000	12,663,211	21,708,211
2028-2033	79,510,000	54,212,555	133,722,555
2033-2038	105,950,000	35,544,013	141,494,013
2038-2043	120,995,000	12,391,407	133,386,407
Totals	$ 382,460,000	$ 171,578,545	$ 554,038,545

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Certificates of Participation

On January 29, 2019, the District issued refunding certificates of participation in the amount of $4,170,000 through the Riverside Unified School District School Facilities Corporation. The proceeds of the certificates were used to (i) refund the District's outstanding Refunding Certificates of Participation Series A of 2009, (ii) purchase an insurance policy for deposit into a debt service reserve fund established for the certificates, and (iii) pay the costs related to the execution and delivery of the certificates.

Future payments outstanding on the certificates at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2023-2024	$ 460,000	$ 111,950	$ 571,950
2024-2025	475,000	90,875	565,875
2025-2026	500,000	66,500	566,500
2026-2027	525,000	40,875	565,875
2027-2028	555,000	13,875	568,875
Totals	$ 2,515,000	$ 324,075	$ 2,839,075

C. Site Lease Purchase Agreement

On June 1, 2021, the District entered into a lease-purchase agreement with the Riverside Unified School District School Facilities Corporation in the amount of $10,112,000. The purpose of the agreement was to refinance the District's outstanding certificates of participation (2015 School Facilities Project) and the outstanding 2016 Refunding Lease. Under the agreement, the District leases the land and improvements consisting of the school sites and improvements known as Patricia Beatty Elementary School and Hawthorne Elementary School to the Corporation, which then sub-leases the property back to the District. The agreement does not meet the criteria to be reported as a lease under GASB Statement No. 87.

Future payments outstanding under the agreement at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2023-2024	$ 809,000	$ 191,705	$ 1,000,705
2024-2025	826,000	172,995	998,995
2025-2026	841,000	153,916	994,916
2026-2027	695,000	135,401	830,401
2027-2028	547,000	120,267	667,267
2028-2033	2,910,000	406,755	3,316,755
2033-2035	1,909,000	62,583	1,971,583
Totals	$ 8,537,000	$ 1,243,622	$ 9,780,622

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

D. Subscription Based IT Arrangements

The District is involved in several arrangements for subscription-based software. The initial terms for these subscriptions range from 24 to 72 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease term. The District used either the stated interest rate or the State's incremental borrowing rate at inception to discount the subscription payments to the net present value. Other key assumptions and policies can be found in Note 1.E. The related asset disclosures are presented in Note 6.

Annual future payments are as follows:

Fiscal Year	Payment
2023-2024	$ 1,124,045
2024-2025	456,886
2025-2026	154,743
2026-2027	23,673
2027-2028	8,100
Total	$ 1,767,447

E. Supplemental Employee Retirement Plan

The District has established a supplemental employee retirement program (SERP) whereby certain qualified employees may retire and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2023, for these obligations are shown below.

Fiscal Year	Payment
2023-2024	$ 6,112,202
2024-2025	2,768,078
2025-2026	2,768,078
Total	$ 11,648,358

F. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of $121,250,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2023, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 54,322,321	$ 27,301,569	$ 19,119,935	$ 5,062,376
MPP Program	1,961,247	-	-	(505,796)
Totals	$ 56,283,568	$ 27,301,569	$ 19,119,935	$ 4,556,580

The details of each plan are as follows:

District Plan

Plan Description
The District's single-employer defined benefit plan provides OPEB for eligible certificated, classified, police, and management employees of the District. Benefits are funded through the Futuris Public Entity Investment Trust ("Futuris"). The 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"). The Trust was established and is managed in compliance with the applicable Governmental Accounting Standards Board (GASB) standards for OPEB.

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

Amendments
The Employer reserves the right to amend the Plan at any time.

Covered Employees
All full time employees as submitted by the plan sponsor (must be covered by the active plan at time of retirement or disability).

Eligibility Conditions
An employee who is covered by the medical plan and has met eligibility requirements listed below is eligible to elect post-retirement covered 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.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Coverage and Employee Cost Sharing

Type of Coverage	Retiree	Spouse
Medical and Prescription Drug Coverage		
Retiree Cost Sharing	*Certificated, Management, Confidential, and Cabinet:* Retirees pay $0; the District pays full amount. *Classified*: Retirees receive a District-paid contribution of $3,071 per year towards retiree-only medical coverage, reduced by $185 for each year of service less than 20, to a minimum of $2,146 per year for 15 or fewer years of service. If a retiree has 25 or more years of service, the retiree will receive a monthly amount equal to the smallest single-party premium available.	Retiree pays 100% of spousal premium.
Coverage Ceases	*Certificated:* Lesser of 10 years or at age 65. *Management, Confidential and Cabinet*: Lesser of 10 years (effective 1/1/17) or at age 65. *Classified:* Lesser of 10 years or at age 65.	Coverage ceases at the earlier of age 65 or the point at which the retiree's coverage ceases.

Employees covered by benefit terms
At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	383
Active employees	3,427
Total	3,810

Total OPEB Liability
The District's total OPEB liability of $77,737,505 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Actuarial Assumptions and Other Inputs
The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2021
Salary increases	2.50%
Healthcare cost trend rates	2.70% for fiscal year end 2022 and 4.19% for fiscal year end 2023 (to reflect actual experience), then 6.75% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%

Discount Rate
The discount rate should be the single rate that reflects the following:

a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return;

b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in a. above are not met.

Based on a projection of the plan's cash flow, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the total OPEB liability was determined using the long-term expected rate of return on OPEB plan investments.

The discount rate for GASB 75 has been set equal to 5.00% which is the expected rate of return on assets.

Mortality Rates
RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

Rate of Return
For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2021	$ 66,642,747	$ 28,798,841	$ 37,843,906
Changes for the year:			
Service cost	2,135,730	-	2,135,730
Interest	4,667,429	-	4,667,429
Differences between expected and actual experience	(4,258,250)	-	(4,258,250)
Employer contributions	-	2,307,656	(2,307,656)
Net investment income	-	(5,230,513)	5,230,513
Benefit payments	(2,307,656)	(2,307,656)	-
Administrative expenses	-	(153,144)	153,144
Changes of assumptions	10,857,505	-	10,857,505
Net changes	11,094,758	(5,383,657)	16,478,415
Balance at June 30, 2022	$ 77,737,505	$ 23,415,184	$ 54,322,321

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

Discount Rate	OPEB Liability
1% decrease	$ 60,868,952
Current discount rate	$ 54,322,321
1% increase	$ 48,358,167

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 46,904,019
Current trend rate	$ 54,322,321
1% increase	$ 62,918,437

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the District recognized OPEB expense of $5,062,376. In addition, at June 30, 2023, 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
District contributions subsequent to the measurement date of the net OPEB liability	$ 5,164,570	$ -
Differences between expected and actual experience	5,902,594	8,443,122
Changes of assumptions	10,008,360	8,527,323
Net difference between projected and actual earnings on OPEB plan investments	6,226,045	2,149,490
Totals	$ 27,301,569	$ 19,119,935

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 4,944,593	$ 4,848,605
2025	4,852,018	4,848,605
2026	4,731,516	4,655,372
2027	3,829,972	2,541,673
2028	1,554,883	1,173,268
Thereafter	2,224,017	1,052,412
Totals	$ 22,136,999	$ 19,119,935

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, 2021 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: https://www.calstrs.com/general-information/gasb-6768.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2022, 4,770 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as 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 Education Code section 22950, 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, 2023, the District reported a liability of $1,961,247 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, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts 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, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net OPEB Liability	0.595380%	0.618517%	-0.023137%

For the year ended June 30, 2023, the District reported OPEB expense of $(505,796).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2021 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, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Assumptions were made about future participation (enrollment) into the MPP Program as 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' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population of 145,282.

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% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2019) table issued by the Society of Actuaries.

Discount Rate

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, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the 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	$ 2,617,636
Current discount rate	1,961,247
1% increase	1,808,086

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the 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	$ 1,799,518
Current trend rate	1,961,247
1% increase	2,144,577

NOTE 9 – 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, 2023, 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	$ 275,657,542	$ 74,942,597	$ 45,931,891	$ 10,179,959
CalPERS	170,569,588	90,577,537	39,451,867	22,589,514
Totals	$ 446,227,130	$ 165,520,134	$ 85,383,758	$ 32,769,473

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, 2021, 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: https://www.calstrs.com/general-information/gasb-6768.

NOTE 9 – PENSION PLANS (continued)

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

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 a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. 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 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, 2023, 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	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

Contributions
The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively —provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were $49,494,881.

NOTE 9 – 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

At June 30, 2023, 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	$	275,657,542
State's proportionate share of the net pension liability associated with the District		138,048,219
Total	$	413,705,761

The net pension liability was measured as of June 30, 2022. 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, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.396709%	0.411478%	(0.014768%)

For the year ended June 30, 2023, the District recognized pension expense of $10,179,959. In addition, the District recognized pension expense and revenue of $(10,325,002) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows		Deferred Inflows	
Pension contributions subsequent to measurement date	$	49,494,881	$	-
Net change in proportionate share of net pension liability		11,550,984		11,783,140
Difference between projected and actual earnings on pension plan investments		-		13,480,188
Changes of assumptions		13,670,608		-
Differences between expected and actual experience		226,124		20,668,563
Totals	$	74,942,597	$	45,931,891

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.

NOTE 9 – 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)

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 of Resources	Deferred Inflows of Resources
2024	$ 13,883,972	$ 15,907,324
2025	2,546,014	16,962,571
2026	2,546,014	22,278,478
2027	2,546,014	(18,154,151)
2028	1,962,851	4,585,235
Thereafter	1,962,851	4,352,434
Totals	$ 25,447,716	$ 45,931,891

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, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those 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 the 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%)	$ 468,168,745
Current discount rate (7.10%)	275,657,542
1% increase (8.10%)	115,815,362

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, 22955, and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. 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 $22,145,803.

NOTE 9 – PENSION PLANS (continued)

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, 2021 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb.

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, 2023, 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
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

Contributions
The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are presented above, and the total District contributions were $23,542,469.

NOTE 9 – 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, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $170,569,588. The net pension liability was measured as of June 30, 2021. 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, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.495711%	0.506340%	(0.010630%)

For the year ended June 30, 2023, the District recognized pension expense of $22,589,514. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 23,542,469	$ -
Net change in proportionate share of net pension liability	1,230,449	2,931,529
Difference between projected and actual earnings on pension plan investments	52,415,977	32,276,348
Changes of assumptions	12,617,768	-
Differences between expected and actual experience	770,874	4,243,990
Totals	$ 90,577,537	$ 39,451,867

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 4.0 years.

NOTE 9 – 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 of Resources	Deferred Inflows of Resources
2024	$ 19,594,706	$ 12,998,483
2025	18,553,482	12,998,483
2026	16,606,445	12,778,393
2027	12,280,435	676,508
2028	-	-
Thereafter	-	-
Totals	$ 67,035,068	$ 39,451,867

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, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	$ 246,396,408
Current discount rate (6.9%)	170,569,588
1% increase (7.9%)	107,901,510

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, 2023, the District reported payables of $509,210 and $277,310 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

NOTE 10 – JOINT VENTURES

The District has entered into a joint power agreement (JPA) with the alliance of Schools for Cooperative Insurance Programs (ASCIP) units, as allowed by the California Government Code. This JPA has budgeting and financial reporting requirements independent of member units, whose financial statements are not presented in these financial statements; however, fund transactions between the entity and Riverside Unified School District are included in these statements. Separate financial statements are available from each JPA.

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. Construction Commitments
As of June 30, 2023, the District had commitments with respect to unfinished capital projects of approximately $219.0 million, of which $150.7 million is related to Measure “O” projects.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2023.

NOTE 12 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For the fiscal year ending June 30, 2023, the District contracted with Alliance of Schools Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Excess liability coverage is obtained through participation in Schools Excess Liability Fund (SELF) (through ASCIP). Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, property and liability claims for which the District retains the risk of loss (claims below the District's retained limits), are administered by the Self- Insurance Fund.

Workers' Compensation
Beginning in 2009, the District has established a fund to self-insure itself for workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized to charge funds for the administration of the program. Excess liability coverage for workers' compensation claims is provided through the purchase of commercial insurance.

NOTE 12 – RISK MANAGEMENT (continued)

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

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 from July 1, 2021 to June 30, 2023:

	Property and Liability	Health Insurance	Workers' Compensation	Total
Liability Balance, July 1, 2021	$ -	$ 3,583,741	$ 7,012,942	$ 10,596,683
Claims and changes in estimates	3,823,074	32,242,193	2,168,286	38,233,553
Claims payments	(2,468,776)	(31,870,421)	(1,739,645)	(36,078,842)
Liability Balance, June 30, 2022	1,354,298	3,955,513	7,441,583	12,751,394
Claims and changes in estimates	600,010	38,424,245	2,396,278	41,420,533
Claims payments	(516,956)	(38,409,977)	(2,324,417)	(41,251,350)
Liability Balance, June 30, 2023	$ 1,437,352	$ 3,969,781	$ 7,513,444	$ 12,920,577
Assets available to pay claims at June 30, 2023	$ 1,414,515	$ 9,134,865	$ 19,106,234	$ 29,655,614

NOTE 13 – ADJUSTMENTS FOR RESTATEMENTS

After performing a reconciliation of capital assets, the District identified restatements to the beginning balance of capital assets in the amount of ($197,558,459), which also reduced the beginning net position at July 1, 2022.

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Required Supplementary Information

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RIVERSIDE UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 468,117,899	$ 507,300,665	$ 510,477,812	$ 3,177,147
Federal	81,177,817	102,837,000	64,437,961	(38,399,039)
Other State	93,071,286	196,971,921	196,493,094	(478,827)
Other Local	10,212,692	22,222,517	19,059,891	(3,162,626)
Total Revenues	652,579,694	829,332,103	790,468,758	(38,863,345)
Expenditures				
Current:				
Certificated Salaries	268,607,925	275,039,245	264,975,787	10,063,458
Classified Salaries	95,728,712	95,878,388	90,639,118	5,239,270
Employee Benefits	171,989,949	166,308,476	158,408,640	7,899,836
Books and Supplies	45,651,094	84,107,370	38,946,672	45,160,698
Services and Other Operating Expenditures	80,817,490	105,006,334	85,376,800	19,629,534
Transfers of indirect costs	(700,668)	(742,142)	(757,679)	15,537
Capital Outlay	31,242,718	44,005,779	23,351,881	20,653,898
Other Outgo	141,312	662,447	1,772,412	(1,109,965)
Total Expenditures	693,478,532	770,265,898	662,713,631	107,552,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,898,838)	59,066,206	127,755,127	68,688,921
Other Financing Sources and Uses				
Interfund Transfers In	-	-	8,300	8,300
Interfund Transfers Out	-	-	(3,173,850)	(3,173,850)
Issuance of debt - capital lease	-	-	3,108,760	3,108,760
Total Other Financing Sources and Uses	-	-	(56,790)	(56,790)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(40,898,838)	59,066,206	127,698,337	68,632,131
Fund Balance, July 1, 2022	184,729,598	190,269,299	190,269,299	-
Fund Balance, June 30, 2023	$ 143,830,760	$ 249,335,505	$ 317,967,636	$ 68,632,131

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.3967%	0.4115%	0.3961%	0.4163%	0.4193%
District's proportionate share of the net pension liability	$ 275,657,542	$ 187,255,278	$ 383,866,240	$ 375,940,350	$ 385,336,064
State's proportionate share of the net pension liability associated with the District	138,048,219	94,219,593	130,572,102	132,703,184	220,622,918
Totals	$ 413,705,761	$ 281,474,871	$ 514,438,342	$ 508,643,534	$ 605,958,982
District's covered-employee payroll	$ 231,636,057	$ 229,448,334	$ 218,833,211	$ 228,108,477	$ 225,925,038
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.00%	81.61%	175.41%	164.81%	170.56%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.4118%	0.4030%	0.3980%	0.3670%
District's proportionate share of the net pension liability	$ 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	225,309,709	185,585,085	141,715,378	129,503,796
Totals	$ 606,163,202	$ 511,535,515	$ 409,664,898	$ 343,967,586
District's covered-employee payroll	$ 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	173.11%	159.92%	144.98%	128.57%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

* *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 Proportionate Share of the Net Pension Liability-CalPERS

For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.4957%	0.5063%	0.5006%	0.5439%	0.5578%
District's proportionate share of the net pension liability	$ 170,569,588	$ 102,961,454	$ 153,590,274	$ 158,524,326	$ 148,732,216
District's covered-employee payroll	$ 76,851,087	$ 72,288,614	$ 72,544,191	$ 75,644,508	$ 74,012,633
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.95%	142.43%	211.72%	209.56%	200.96%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	70%	70%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.5506%	0.5092%	0.4901%	0.4797%
District's proportionate share of the net pension liability	$ 131,440,402	$ 100,567,315	$ 72,241,224	$ 54,457,630
District's covered-employee payroll	$ 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	187.18%	164.53%	132.94%	87.90%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

* *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-CalSTRS

For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 49,494,881	$ 39,192,821	$ 37,055,906	$ 37,420,479	$ 37,136,060
Contributions in relation to the contractually required contribution	49,494,881	39,192,821	37,055,906	37,420,479	37,136,060
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 259,135,500	$ 231,636,057	$ 229,448,334	$ 218,833,211	$ 228,108,477
Contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 32,600,983	$ 27,676,114	$ 21,870,566	$ 16,411,874
Contributions in relation to the contractually required contribution	32,600,983	27,676,114	21,870,566	16,411,874
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 225,925,038	$ 220,000,906	$ 203,826,337	$ 184,818,401
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

* *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-CalPERS

For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
CalPERS					
Contractually required contribution	$ 23,542,469	$ 17,606,584	$ 14,963,743	$ 14,306,440	$ 13,662,911
Contributions in relation to the contractually required contribution	23,542,469	17,606,584	14,963,743	14,306,440	13,662,911
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 92,796,488	$ 76,851,087	$ 72,288,614	$ 72,544,191	$ 75,644,508
Contributions as a percentage of covered-employee payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 11,494,902	$ 9,752,400	$ 7,241,357	$ 6,396,320
Contributions in relation to the contractually required contribution	11,494,902	9,752,400	7,241,357	6,396,320
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 74,012,633	$ 70,221,774	$ 61,123,972	$ 54,339,648
Contributions as a percentage of covered-employee payroll	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 Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

Employer Fiscal Year End **Measurement Period**	**2022-23** **2021-22**	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
Total OPEB liability						
Service cost	$ 2,135,730	$ 2,119,993	$ 2,108,053	$ 3,184,349	$ 3,226,771	$ 3,148,069
Interest	4,667,429	4,497,731	4,423,775	2,556,643	2,491,952	2,378,137
Changes of benefit terms	-	-	-	-	-	329,461
Differences between expected and actual experience	(4,258,250)	(3,011,488)	(3,241,829)	12,706,734	(1,879,271)	-
Changes of assumptions or other inputs	10,857,505	787,661	34,934	(18,093,171)	(381,241)	-
Benefit payments	(2,307,656)	(1,604,577)	(2,903,840)	(2,722,586)	(2,812,372)	(2,936,140)
Net change in total OPEB liability	11,094,758	2,789,320	421,093	(2,368,031)	645,839	2,919,527
Total OPEB liability - beginning	66,642,747	63,853,427	63,432,334	65,800,365	65,154,526	62,234,999
Total OPEB liability - ending	$ 77,737,505	$ 66,642,747	$ 63,853,427	$ 63,432,334	$ 65,800,365	$ 65,154,526
Plan fiduciary net position						
Contributions - employer	$ 2,307,656	$ 1,604,577	$ 2,903,840	$ 2,722,586	$ 2,812,372	$ 22,936,140
Net investment income	(5,230,513)	5,352,281	1,089,414	1,107,458	1,076,854	773,214
Benefit payments	(2,307,656)	(1,604,577)	(2,903,840)	(2,722,586)	(2,812,372)	(2,936,140)
Administrative expense	(153,144)	(146,834)	(134,438)	(81,814)	(171,885)	(65,409)
Net change in plan fiduciary net position	(5,383,657)	5,205,447	954,976	1,025,644	904,969	20,707,805
Plan fiduciary net position - beginning	28,798,841	23,593,394	22,638,418	21,612,774	20,707,805	-
Plan fiduciary net position - ending	$ 23,415,184	$ 28,798,841	$ 23,593,394	$ 22,638,418	$ 21,612,774	$ 20,707,805
District's net OPEB liability (asset) - ending	$ 54,322,321	$ 37,843,906	$ 40,260,033	$ 40,793,916	$ 44,187,591	$ 44,446,721
Plan fiduciary net position as a percentage of the total OPEB liability	30.1%	43.2%	36.9%	35.7%	32.8%	31.8%
Covered payroll	$ 293,397,351	$ 290,340,104	$ 284,080,304	$ 292,726,527	$ 297,764,093	$ 273,898,274
Net OPEB liability as a percentage of covered payroll	18.5%	13.0%	14.2%	13.9%	14.8%	16.2%

** 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 OPEB Contributions

For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

Employer Fiscal Year End	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Measurement Period	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**
Actuarially determined contribution	$ 4,688,224	$ 4,925,002	$ 4,827,028	$ 3,043,646	$ 3,045,364	$ 2,936,140
Contributions in relation to the actuarially determined contribution	2,307,656	1,604,577	2,903,840	2,722,586	2,812,372	22,936,140
Contribution deficiency (excess)	$ 2,380,568	$ 3,320,425	$ 1,923,188	$ 321,060	$ 232,992	$ (20,000,000)
Covered payroll	$ 293,397,351	$ 290,340,104	$ 284,080,304	$ 292,726,527	$ 297,764,093	$ 273,898,274
Contributions as a percentage of covered payroll	0.79%	0.55%	1.02%	0.93%	0.94%	8.37%

** 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, 2023

*Last Ten Fiscal Years**

Employer Fiscal Year End **Measurement Period**	**2022-23** **2021-22**	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
District's proportion of net OPEB liability	0.5954%	0.6185%	0.6849%	0.6433%	0.6593%	0.6555%
District's proportionate share of net OPEB liability	$ 1,961,247	$ 2,467,043	$ 2,902,461	$ 2,395,779	$ 2,523,664	$ 2,757,544
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

** 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 **-** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of Pension 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 deferred based on the average working life. The investment rate of return was changed from 6.90 percent to 5.00 percent since the previous valuation.

Schedule of OPEB 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.

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. 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.

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

Change of assumptions – The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

Supplementary Information

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The 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 was established in 1963 through the unification of the Riverside City School District and Riverside City High School District. The District operates 29 elementary schools, 7 middle schools, 5 high schools, and 9 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. During the fiscal year there were no changes to the District's boundaries.

BOARD OF EDUCATION

Member	Office	Term Expires
Dr. Angelo Farooq	President	2024
Dale Kinnear	Vice President	2024
Tom Hunt	Clerk	2024
Dr. Noemi Hernandez Alexander	Member	2026
Brent Lee	Member	2026

ADMINISTRATION

Renee Hill,
Superintendent

Timothy Walker,
Deputy Superintendent

Erin Power,
Assistant Superintendent, Business Services

Kyley Ybarra,
Assistant Superintendent, Personnel, Leadership and Development

Dr. Daniel J. Sosa,
Assistant Superintendent, Curriculum and Instruction, K-12

Sergio San Martin,[1]
Assistant Superintendent, Operations

Dr. Jacqueline Perez,
Assistant Superintendent, Equity, Access & Community Engagement

[1]Resigned as of June 30, 2023. The position is currently held by Orin Williams, as Assistant Superintendent of Facilities Planning and Development.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2023

	Second Period Report	Annual Report
Regular ADA & Extended Year:		
Grades TK-3	10,559.35	10,601.84
Grades 4-6	8,006.12	8,020.35
Grades 7-8	5,558.41	5,559.51
Grades 9-12	12,239.28	12,178.89
Total Regular ADA	36,363.16	36,360.59
Special Education, Nonpublic, Nonsectarian Schools:		
Grades TK-3	1.02	0.91
Grades 4-6	6.90	6.18
Grades 7-8	3.68	3.23
Grades 9-12	19.26	18.31
Total Special Education, Nonpublic, Nonsectarian Schools ADA	30.86	28.63
Total ADA	36,394.02	36,389.22

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2023

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	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	57,160	180	Complied
Grade 8	54,000	57,170	180	Complied
Grade 9	64,800	64,859	181	Complied
Grade 10	64,800	64,859	181	Complied
Grade 11	64,800	64,859	181	Complied
Grade 12	64,800	64,997	181	Complied

RIVERSIDE UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2023

General Fund	(Budget) 2024 [2]	2023	2022	2021
Revenues and other financing sources	$ 740,112,310	$ 793,585,818	$ 623,048,484	$ 583,674,165
Expenditures and other financing uses	749,151,429	665,887,481	559,631,521	534,529,199
Change in fund balance (deficit)	(9,039,119)	127,698,337	63,416,963	49,144,966
Ending fund balance	$ 308,928,517	$ 317,967,636	$ 190,269,299	$ 126,852,336
Available reserves [1]	$ 46,715,125	$ 26,384,554	$ 22,385,261	$ 21,381,167
Available reserves as a percentage of total outgo	6.2%	4.0%	4.0%	4.0%
Total long-term debt	$ 941,532,774	$ 968,501,228	$ 730,121,208	$ 1,005,892,292
Average daily attendance at P-2	36,204	36,394	36,440	N/A

The General Fund balance has increased by $191.1 million over the past two years. The fiscal year 2023-24 adopted budget projects a decrease of $9.0 million. 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 none of the past three years, but anticipates incurring an operating deficit during the 2023-24 fiscal year. Long-term debt has decreased by $211.1 million over the past two years.

ADA decreased by 46 compared to 2021-22. Budgeted ADA projects a decrease of 190 for 2023-24.

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

[2] Revised budget September, 2023.

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2023

Charter School		
Name	Number	Inclusion in Financial Statements
REACH Leadership STEAM Academy	1409	Not included

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 2,732,949	
National School Lunch Program	10.555	13523	16,313,846	
USDA Donated Foods	10.555	N/A	2,068,045	
Total Child Nutrition Cluster				$ 21,114,840
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393	1,783,201	
Cash in Lieu of Commodities	10.558	N/A	174,036	
Total Child and Adult Care Food Program Cluster				1,957,237
COVID-19 Pandemic EBT Local Administrative Grant	10.649	15644		845,716
Child Nutrition: Team Nutrition	10.574	15332		7,465
Fresh Fruit and Vegetable Program	10.582	14968		45,921
Total U.S. Department of Agriculture				23,971,179
U.S. Department of Defense:				
Junior Reserve Officers' Training Corps	12.000	N/A		348,655
Total U.S. Department of Defense				348,655
National Science Foundation				
Air Monitoring Grant	47.076	N/A		207,198
Total National Science Foundation				207,198
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education and ESL	84.002A	14508	441,800	
Adult Secondary Education	84.002	13978	327,625	
Total Adult Education - State Grants Cluster				769,425
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Grants:				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329	9,793,289	
School Improvement Funding for LEAs	84.010	15438	788,687	
Total Title I Grants				10,581,976
Title II, Part A, Supporting Effective Instruction	84.367	14341		1,136,504
Title III, Limited English Proficiency	84.365	14346		791,609
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		560,831
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349		75,585
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332		126,393
Early Intervention Grants	84.181	23761		134,487
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893		272,545
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	13,603,953	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	8,080,905	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss Mitigation	84.425U	10155	11,445,091	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	2,216,713	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	745,095	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425C	15620	289,500	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss Mitigation	84.425U	15621	625,720	
After School Education and Safety (ASES) Rate Increase:				
ESSER III State Reserve Summer Learning Program	84.425U	15652	500,000	
21st Century Community Learning Centers (CCLC) Rate Increase:				
ESSER III State Reserve After School Program	84.425U	15651	699,545	
American Rescue Plan-Homeless Children and Youth	84.425U	15564	42,917	
American Rescue Plan-Homeless Children and Youth II	84.425U	15556	209,542	
Subtotal Education Stabilization Fund				38,458,981
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	8,191,352	
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,208,819	
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	148,927	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	53,201	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	190,289	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	448,125	
Total Special Education (IDEA) Cluster				10,240,713
Passed through California Dept. of Rehabilitation (CDE):				
Workability II, Transition Partnership - We Can Work	84.126A	10006		62,045
Total U.S. Department of Education				63,211,094
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Head Start Cluster:				
Head Start	93.600	10016	1,463,126	
Early Head Start- Child Care Partnership Grant Program	93.600	01039	82,142	
Total Head Start Cluster				1,545,268
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640		62,766
COVID-19: ARP California State Preschool Program - Rate Supplements	93.575	15641		16,636
Total U.S. Department of Health & Human Services				1,624,670
Total Expenditures of Federal Awards				$ 89,362,796

Of the federal expenditures presented in the schedule, the District provided no awards to sub-recipients.

NOTE 1 – PURPOSE OF SCHEDULES

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
This schedule presents information on the number of instructional days 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 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.

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.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 89,256,976
Differences between Federal Revenues and Expenditures:		
Workability II, Transition Partnership - We Can Work	84.126A	1,955
Child Nutrition Cluster	10.553/10.555	103,865
Total Schedule of Expenditures of Federal Awards		$ 89,362,796

Other Independent Auditors' Reports

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A Professional Accountancy Corporation

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2023.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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
November 30, 2023

NIGRO & NIGRO PC

A Professional Accountancy Corporation

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

Opinion on Each Major Federal Program
We have audited the Riverside Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Riverside Unified School District's major federal programs for the year ended June 30, 2023. The Riverside Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Riverside Unified School District compiled, 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, 2023.

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Riverside Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Riverside Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Riverside Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a *compliance* reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance. Accordingly, we express no opinion on the response.

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

Nigro & Nigro, PC

Murrieta, California
November 30, 2023

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Riverside Unified School District
Riverside, California

Report on Compliance

Opinion
We have audited the Riverside Unified School District's (District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, Riverside Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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
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
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Description	Procedures Performed
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	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as "Not Applicable" were not operated by the District.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
November 30, 2023

Schedule of Findings and Questioned Costs

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?	Yes
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 Sec. 200.516 (a)?	Yes

Identification of major programs:

Assitance Listing Numbers	Name of Federal Program or Cluster
84.027, 84.027A & 84.173	Special Education Cluster (IDEA)
84.425C, 84.425D & 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,680,884
Auditee qualified as low-risk auditee?	Yes

State Awards

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

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 2022-23.

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).

Finding 2023-001: Documentation of Employee Time and Effort (50000)

Program Identification:
Federal Agency: U.S. Department of Education
Pass-through Entity: California Department of Education
Program Name: Individuals with Disabilities Education Act (IDEA), Special Education Cluster
(Federal Assistance Listing Nos. #84.027 and #84.173)

Criteria: The federal cost principles contained in the uniform guidance for administration of federal grants in Title 2 of the *Code of Federal Regulations*, Part 200 (the Uniform Guidance) specify which costs are allowable charges to federal programs, which costs are not allowable, and how costs charged to federal programs must be documented. LEAs must apply the Uniform Guidance to all federal funds that are subject to the cost principles. Section 200.430 specifies the standards for documenting salaries and wages charged to federal programs. These standards are in addition to those for payroll documentation. LEAs must adhere to these standards and to any additional standards established for particular programs.

These standards require that employees funded through multiple cost objectives complete a personnel activity report (PAR) or equivalent documentation. The PAR or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, be prepared at least monthly and coincide with one or more pay periods and be signed by the employee.

Condition: The District prepared semi-annual certifications for employees whose salaries were charged to the Special Education programs, but they were not done throughout the year. We observed that the certifications were not signed until October 2023, well after the end of the fiscal year being audited.

Context: This deficiency was observed in all 25 employees we sampled from a population of 250.

Effect: Failure to complete the certifications during the fiscal year could result in inaccurate charges for salaries and wages to the program.

Cause: The District has experienced significant employee turnover and staffing shortages, leading to the finding.

Questioned Costs: There is no question cost; however, the District charged $4,730,142 of salaries to the program during the 2022-23 fiscal year.

Recommendation: We recommend that the District ensure that the portion of employee salaries charged to all federal programs be documented in accordance with federal guidelines on a more timely basis.

Views of Responsible Officials: Moving forward, the administrative assistant has spoken with all parties whose salaries are part of the federal program to ensure they understand the purpose and need for the forms and has calendared all future dates in which collection of forms is required.

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 2022-23.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2022-001: (California Clean Energy Jobs Act)	Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan. The District completed six projects on September 2, 2020, but did not submit the final reports until December 19, 2021, which is outside the 15-month window by 17 days.	40000	No recommendation, since no future final reports will be required.	Not Applicable