JURUPA UNIFIED SCHOOL DISTRICT

RIVERSIDE COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2020

JURUPA UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2020
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INDEPENDENT AUDITORS' REPORT

Board of Education
Jurupa Unified School District
Jurupa Valley, California

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

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jurupa Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 75 to 81 and the schedule of expenditures of federal awards on page 82 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 74 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 February 16, 2021, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
February 16, 2021

This discussion and analysis of Jurupa Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position of governmental activities decreased by approximately $8.0 million.
- Governmental expenses were approximately $284.9 million. Revenues were about $276.9 million.
- The District spent $26.7 million in new capital assets during the year.
- The District increased its outstanding long-term debt other than pensions by $7.9 million.
- Grades K-12 average daily attendance (ADA) decreased by 216, or 1.2%.
- Governmental funds decreased by $14.3 million, or 8.8%.
- Reserves for the General Fund increased by $11.2 million. Revenues were $251.2 million and expenditures and other financing uses were $240.7 million.

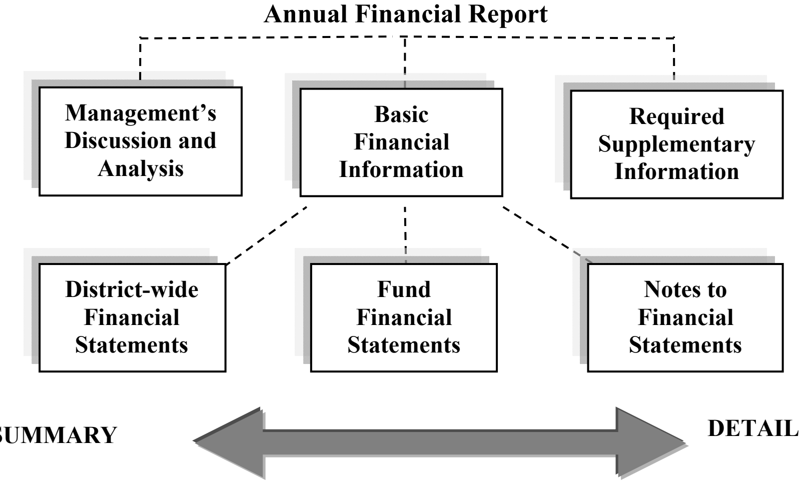
OVERVIEW OF THE FINANCIAL STATEMENTS

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 agent for the benefit of others to whom the resources belong.

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

Figure A-1. Organization of Jurupa 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 it is properly using certain revenues.

The District has three kinds of funds:

- ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for liability and property losses.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2020, than it was the year before – decreasing 28.5% to $20.2 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2020	2019	Increase (Decrease)
Assets			
Current assets	$ 177,639,010	$ 181,144,503	$ (3,505,493)
Capital assets	375,004,588	358,254,383	16,750,205
Total assets	552,643,598	539,398,886	13,244,712
Deferred outflows of resources	82,585,271	70,046,140	12,539,131
Liabilities			
Current liabilities	32,172,887	21,670,646	10,502,241
Long-term liabilities	320,150,397	312,261,426	7,888,971
Net pension liability	246,976,247	236,724,839	10,251,408
Total liabilities	599,299,531	570,656,911	28,642,620
Deferred inflows of resources	15,746,215	10,568,955	5,177,260
Net position			
Net investment in capital assets	198,488,782	198,739,392	(250,610)
Restricted	54,282,265	50,397,796	3,884,469
Unrestricted	(232,587,924)	(220,918,028)	(11,669,896)
Total net position	$ 20,183,123	$ 28,219,160	$ (8,036,037)

Changes in net position, governmental activities. The District's total revenues increased 5.1% to $276.9 million (See Table A-2). The increase is due primarily to an increase in operating grants and property taxes.

The total cost of all programs and services increased 5.5% to $284.9 million. The District's expenses are predominantly related to educating and caring for students, 80.9%. The purely administrative activities of the District accounted for just 2.4% of total costs. A significant contributor to the increase in costs was due to additional COVID-19 related expenditures.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities 2020	Governmental Activities 2019	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 2,361,688	$ (2,704,016)	$ 5,065,704
Operating grants and contributions	40,081,822	32,283,884	7,797,938
Capital grants and contributions	8,385	20,777	(12,392)
General Revenues:			
Property taxes	54,654,362	47,052,659	7,601,703
Federal and state aid not restricted	174,820,130	177,047,761	(2,227,631)
Other general revenues	4,939,898	9,726,501	(4,786,603)
Total Revenues	276,866,285	263,427,566	13,438,719
Expenses			
Instruction-related	197,951,880	193,363,358	4,588,522
Pupil services	32,538,378	31,001,497	1,536,881
Administration	6,971,585	6,480,517	491,068
Plant services	35,246,780	26,296,962	8,949,818
All other activities	12,193,699	12,797,941	(604,242)
Total Expenses	284,902,322	269,940,275	14,962,047
Increase (decrease) in net position	$ (8,036,037)	$ (6,512,709)	$ (1,523,328)
Net Position	$ 20,183,123	$ 28,219,160	

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 $148.5 million, which is below last year's ending fund balance of $162.8 million. The primary cause of the decreased fund balance is due to the District spending down the Building Fund on capital projects.

Table A-3: The District's Fund Balances

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2020
Fund					
General Fund	$ 32,023,773	$ 251,194,193	$ 239,054,233	$ (1,641,164)	$ 42,522,569
Special Reserve Fund for Other than Capital Outlay	1,918,079	12,951	-	-	1,931,030
Adult Education Fund	94,443	1,303,027	972,652	-	424,818
Child Development Fund	70,774	1,649,383	1,541,909	-	178,248
Cafeteria Fund	112,407	9,117,365	10,758,529	1,641,164	112,407
Building Fund	76,137,079	3,632,595	32,361,763	(19,926,607)	27,481,304
Capital Facilities Fund	2,767,724	1,307,943	189,012	-	3,886,655
County School Facilities Fund	346,164	8,384	-	(354,336)	212
Special Reserve Fund (Capital Outlay)	20,538,911	6,080,227	3,229,385	(40,406)	23,349,347
Capital Outlay Fund for Blended Component Units	7,789,763	118,854	-	20,654,027	28,562,644
Bond Interest and Redemption Fund	21,011,681	12,781,274	13,727,191	-	20,065,764
	$ 162,810,798	$ 287,206,196	$ 301,834,674	$ 332,678	$ 148,514,998

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by $8.7 million primarily to reflect increased estimated federal and state budget actions and an increase in local redevelopment revenues.
- Expenditures – decreased $0.7 million mainly due to revised cost estimates.

The District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $12.1 million. The actual results for the year also show that revenues exceeded expenditures by roughly $12.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2019-20 the District had acquired $26.7 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 $9.6 million.

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

	Governmental Activities		Variance Increase
	2020	2019	(Decrease)
Land	$ 16,018,583	$ 16,018,583	$ -
Improvement of sites	10,592,703	10,505,379	87,324
Buildings	301,017,264	258,024,151	42,993,113
Equipment	13,272,312	13,743,519	(471,207)
Construction in progress	34,103,726	59,962,751	(25,859,025)
Total	$ 375,004,588	$ 358,254,383	$ 16,750,205

The District is anticipating continued new construction and modernization projects.

Long-Term Debt

At year-end the District had $320.2 million in long-term debt other than pensions – an increase of 2.5% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

	Governmental Activities		Variance Increase
	2020	**2019**	**(Decrease)**
General obligation bonds	$ 182,849,235	$ 189,532,358	$ (6,683,123)
Lease revenue bonds	32,598,112	32,552,772	45,340
Certificates of participation	3,450,000	4,020,000	(570,000)
Site lease agreement	380,000	745,000	(365,000)
Energy efficiency financing	22,282,349	23,920,149	(1,637,800)
Capital leases	207,504	283,726	(76,222)
Redevelopment agency	400,000	600,000	(200,000)
Compensated absences	4,278,957	3,297,104	981,853
Early retirement incentives	3,920,611	4,900,764	(980,153)
Other postemployment benefits	69,783,629	52,409,553	17,374,076
Total	$ 320,150,397	$ 312,261,426	$ 7,888,971

Net pension liability increased during the year by $10.3 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State Legislature passed a final budget package on June 26, 2020. The final budget package assumed that $2 billion in federal funds would be forthcoming and took the Governor's approach in the May Revision to make other spending reductions contingent on other federal money. In addition, relative to the June 15 initial package, the final package made several changes, including increasing school deferrals by $3.5 billion (assuming no federal money is forthcoming), increasing revenue assumptions by more than $1 billion, and eliminating the plan to reinstate General Fund payment deferrals. The Governor signed the 2020-21 Budget Act and related budget legislation on June 29, 2020.

Proposition 98

Proposition 98 Establishes Minimum Funding Level for Schools and Community Colleges
This minimum funding requirement is commonly called the minimum guarantee. The state calculates the minimum guarantee by comparing three main formulas or "tests". Each test takes into account certain inputs, such as state General Fund revenue, per capita personal income, and K-12 student attendance. The state can choose to fund at the minimum guarantee or any level above it. It also can suspend the guarantee with a two-thirds vote of each house of the Legislature, allowing the state to provide less funding than the formulas require that year. The state meets the guarantee through a combination of state General Fund and local property tax revenue.

Minimum Funding Requirement Down Significantly in 2019-20 and 2020-21
Estimates of the minimum guarantee under the June 2020 budget plan have dropped significantly compared with June 2019 estimates. For 2019-20, the minimum requirement is down $3.4 billion (4.2 percent). For 2020-21, the minimum requirement is down $6.8 billion (8.7 percent) from the revised 2019-20 level and $10.2 billion (12.5 percent) from the 2019-20 level estimated in June 2019. These drops mainly reflect reductions in state General Fund revenue. Test 1 remains operative in both years, with the drop in the General Fund portion of the guarantee equal to nearly 40 percent of the drop in revenues. The local property tax portion of the guarantee, by contrast, grows slowly from 2019-20 to 2020-21.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

Budget Plan Implements Significant Payment Deferrals
In both 2019-20 and 2020-21, the budget plan reduces school and community college funding to the lower minimum requirement. It implements these reductions primarily by deferring $12.5 billion in payments. (When the state defers payments from one fiscal year to the next, the state can reduce spending while allowing school districts to maintain programs by borrowing or using cash reserves.) Of the $12.5 billion, $11 billion applies to K-12 schools and $1.5 billion applies to community colleges. Although the budget plan authorized the Department of Finance to rescind up to $6.6 billion of the deferrals if the state received additional federal funding by October 15, 2020, Congress did not approve any additional funds prior to this deadline.

Makes a Few Other Spending Adjustments
In addition to the deferrals, the budget plan makes a few other adjustments to school and community college funding. Most notably, it does not provide the 2.31 percent statutory cost-of-living adjustment for school and community college programs in 2020-21. The budget plan also uses $833 million in one-time funds to cover costs for the K-12 Local Control Funding Formula (LCFF) and community college apportionments in 2019-20 and 2020-21. These one-time funds consist of $426 million in unspent prior-year funds and a $407 million settle-up payment. In addition, the budget plan withdraws the entire $377 million the state deposited into the Proposition 98 Reserve in the fall of 2019. (Formulas in the State Constitution govern Proposition 98 Reserve deposits and withdrawals.) Finally, the budget plan obtains $240 million in savings ($110 million in 2019-20 and $130 million in 2020-21) from eliminating unallocated State Preschool slots.

Creates Supplemental Obligation to Increase Funding Beginning in 2021-22
This obligation has two parts. First, it requires the state to make temporary payments on top of the Proposition 98 guarantee beginning in 2021-22. Each payment will equal 1.5 percent of annual General Fund revenue. The state can allocate these payments for any school or community college purpose. Payments will continue until the state has paid $12.4 billion—the amount of funding schools and community colleges could have received under Proposition 98 if state revenues had continued to grow. (Technically, the obligation equals the total difference between the Test 1 and Test 2 funding levels in 2019-20 and 2020-21.) Second, the obligation requires the state to increase the minimum share of General Fund revenue allocated to schools and community colleges from 38 percent to 40 percent on an ongoing basis. This increase is set to phase in over the 2022-23 and 2023-24 fiscal years.

K-12 Education

Proposition 98 Funding Decreases 12 Percent
The budget package includes $62.5 billion in Proposition 98 funding for K-12 education in 2020-21—$8.7 billion (12.2 percent) less than the 2019-20 Budget Act level.

Defers $11 Billion in K-12 Payments, Allows Exemptions in Limited Circumstances
The state distributes funding for LCFF and special education following a monthly payment schedule established in law. The budget plan modifies this schedule in 2019-20 to defer $1.9 billion in payments to the following fiscal year. In 2020-21, the budget plan maintains these deferrals and adopts $9.1 billion in additional deferrals. Under the modified schedule, portions of the payments otherwise scheduled for the months of February through June will be paid over the July through November period. The total amount deferred equates to about 16 percent of all state and local funding schools receive for LCFF and special education, or 24 percent of the General Fund allocated for these programs.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education (continued)

Defers $11 Billion in K-12 Payments, Allows Exemptions in Limited Circumstances (continued)
If a district or charter school can demonstrate it would be unable to meet its financial obligations because of the deferrals, and has exhausted all other sources of internal and external borrowing, it can apply for an exemption. The law allows the Department of Finance, State Controller, and State Treasurer to authorize up to $300 million in deferral exemptions per month. If these exemption requests exceed the funding available, the earliest applications will be approved first.

Addresses Historically Low-Funded Special Education Regions
Most state special education funding is provided to Special Education Local Plan Areas (SELPAs) based on total student attendance within the area. (Most SELPAs are regional collaborations of neighboring districts, county offices of education [COEs], and charter schools, though some consist of only a single large district.) Each SELPA receives a unique per-student rate linked to certain historical factors. In 2019-20, these per-student rates varied from $557 to more than $900. The budget provides $545 million to bring low-funded SELPAs to a new rate of $625 per student. This rate is roughly equivalent to the 93rd percentile of current rates.

Allocates $6.4 Billion in One-Time Federal Funding
The budget package allocates $6.4 billion in one-time federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding for K-12 education. The majority of funding ($4.8 billion) is provided for learning loss mitigation. The budget also includes $1.5 billion that can be used for a variety of activities and is distributed based on counts of low-income and disadvantaged children. The remaining funds are used to provide higher reimbursement rates for some school meals, create a competitive grant program for implementing the community schools model, and cover state costs of allocating and overseeing how CARES Act funds are spent.

Funds Learning Loss Mitigation Activities
The budget package provides $5.3 billion in one-time funding for activities mitigating learning loss due to coronavirus disease 2019 (COVID-19) school closures. This amount consists of $4.4 billion from the federal Coronavirus Relief Fund, $540 million Proposition 98 General Fund, and $355 million from the federal Governor's Emergency Education Relief Fund. Allocations from the Coronavirus Relief Fund can be used to cover eligible costs incurred between March 1, 2020 and December 30, 2020, while the remainder of the funding covers costs incurred between March 13, 2020 and September 30, 2022. Allowable activities include expanding learning supports, increasing instructional time, offering additional academic services (such as diagnostic assessments and devices and connectivity for distance learning), and addressing other barriers to learning (such as mental health services, professional development for teachers and parents, and student meals). Of this funding, $2.9 billion is to be allocated based on LCFF supplemental and concentration grants, $1.5 billion based on the number of students with disabilities, and $980 million based on total LCFF allocation.

Funds Schools Based on 2019-20 Attendance Levels, Allows Growth Under Certain Conditions
For funding purposes, the state ordinarily credits school districts with their average daily attendance in the current or prior year, whichever is higher. Charter schools and COEs are funded according to their attendance in the current year only. In 2020-21, however, the state will not collect average daily attendance data. Instead, districts, charter schools, and COEs will be funded according to their 2019-20 attendance levels unless they had previously budgeted for attendance growth. Any attendance growth for a district or charter school is limited to the lower of its (1) previously projected increase in enrollment or attendance, as documented in its budget, or (2) actual increase in enrollment from October 2019 to October 2020. (For this calculation, enrollment numbers are converted to an equivalent amount of average daily attendance by adjusting them for the statewide average absence rate.) The trailer legislation also allows a few other attendance-related adjustments. Most notably, if a charter school closes during the 2020-21 school year, the attendance it previously generated will be credited to its sponsoring school district.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education (continued)

Modifies Instructional Requirements to Allow for Distance Learning
The budget package suspends requirements for annual instructional minutes for 2020-21 to provide additional flexibility to schools and allows minimum instructional day requirements be met through a combination of in-person instruction and distance learning. The budget package also sets expectations for distance learning. Among other specified activities, distance learning must be substantially equivalent to in-person instruction; include daily live interaction between teachers and students; and provide appropriate supports to students with disabilities, English learners, and other student subgroups.

Includes Additional Fiscal Flexibility in a Few Areas
Budget trailer legislation includes several changes to provide more spending flexibility for school districts:

- For the purposes of calculating minimum routine maintenance deposits, excludes one-time funding for state pension payments on behalf of school districts, learning loss mitigation funds, and federal Elementary and Secondary School Emergency Relief funds. Typically, school districts receiving funding from the state's School Facility Program are required to establish a restricted account for routine maintenance of school facilities and deposit 3 percent of the district's annual expenditures.
- Allows for proceeds from the sale or lease of surplus property purchased entirely with local funds to be used for one-time general fund purposes through 2023-24.
- For the purpose of spending restricted lottery revenues, permanently expands the definition of instructional materials to also include laptop computers and devices that provide internet access. Schools and community colleges receive about $450 million in lottery revenues annually that must be spent on instructional materials.
- Allows the California Department of Education (CDE) to waive several programmatic requirements for the After School Education and Safety program.

Repurposes Prior Pension Payment to Reduce District Costs Over the Next Two Years
School district pension costs have been rising relatively quickly over the past several years. To help mitigate future cost increases, the 2019-20 budget plan included $2.3 billion non-Proposition 98 General Fund to make a supplemental pension payment on behalf of schools and community colleges. Of this amount, $1.6 billion was for the California State Teachers' Retirement System and $660 million was for the California Public Employees' Retirement System. (Nearly all school employees are covered by one of these two pension systems.) At the time, the state estimated that the supplemental payment could reduce district pension costs by roughly 0.3 percent of annual pay over the next few decades. The 2020-21 budget plan repurposes this payment to reduce pension costs by a larger amount over the next two years. Specifically, districts will receive cost savings of approximately 2.2 percent of pay in 2020-21 and 2021-22, but will not experience savings over the following decades.

All of these factors were considered in preparing the Jurupa Unified School District budget for the 2020-21 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 the District's Business Office at (951) 360-4157.

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 144,964,019
Accounts receivable	32,432,076
Inventories	138,138
Prepaid expenses	104,777
Capital assests:	
Non-depreciable assets	50,122,309
Depreciable assets	485,048,989
Less accumulated depreciation	(160,166,710)
Total assets	552,643,598
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	476,407
Deferred outflows related to OPEB	13,480,028
Deferred outflows related to pensions	68,628,836
Total deferred outflows of resources	82,585,271
LIABILITIES	
Accounts payable	30,183,306
Unearned revenue	1,989,581
Long-term liabilities other than pensions:	
Portion due or payable within one year	10,661,836
Portion due or payable after one year	309,488,561
Net pension liability	246,976,247
Total liabilities	599,299,531
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	1,234,063
Deferred inflows related to pensions	14,512,152
Total deferred inflows of resources	15,746,215
NET POSITION	
Net investment in capital assets	198,488,782
Restricted for:	
Capital projects	27,236,214
Debt service	20,065,764
Categorical programs	6,737,773
Self-insurance	242,514
Unrestricted	(232,587,924)
Total net position	$ 20,183,123

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					
Instructional Services:					
Instruction	$ 167,695,369	$ 165	$ 22,565,788	$ 8,385	$ (145,121,031)
Instruction-Related Services:					
Supervision of instruction	10,664,600	9,374	2,533,693	-	(8,121,533)
Library, media, and technology	3,294,839	32	5,092	-	(3,289,715)
School site administration	16,297,072	8	758,281	-	(15,538,783)
Pupil Support Services:					
Home-to-school transportation	6,748,744	-	1,489	-	(6,747,255)
Food services	11,788,838	1,001,203	7,847,888	-	(2,939,747)
All other pupil services	14,000,796	3,281	2,603,981	-	(11,393,534)
General Administration Services:					
Data processing services	4,446,063	-	403	-	(4,445,660)
Other general administration	2,525,522	1,106	605,114	-	(1,919,302)
Plant services	35,246,780	234,141	465,327	-	(34,547,312)
Ancillary services	1,468,131	-	5,229	-	(1,462,902)
Community services	3,722	8	20	-	(3,694)
Enterprise activities	872,699	-	-	-	(872,699)
Interest on long-term debt	8,736,102	-	-	-	(8,736,102)
Other outgo	1,113,045	1,112,370	2,689,517	-	2,688,842
Total Governmental Activities	$ 284,902,322	$ 2,361,688	$ 40,081,822	$ 8,385	(242,450,427)

General Revenues:	
Property taxes	54,654,362
Federal and state aid not restricted to specific purpose	174,820,130
Interest and investment earnings	659,992
Interagency revenues	4,701
Miscellaneous	1,490,022
Special and extraordinary items	2,785,183
Total general revenues	234,414,390
Change in net position	(8,036,037)
Net position - July 1, 2019	28,219,160
Net position - June 30, 2020	$ 20,183,123

JURUPA UNIFIED SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Unit	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Deposits and investments	$ 35,385,124	$ 31,563,370	$ 23,327,990	$ 28,520,391	$ 20,065,764	$ 5,680,882	$ 144,543,521
Accounts receivable	31,333,515	128,210	52,472	42,253	-	874,971	32,431,421
Due from other funds	2,472,074	-	-	-	-	819,973	3,292,047
Inventories	25,731	-	-	-	-	112,407	138,138
Prepaid expenditures	104,777	-	-	-	-	-	104,777
Total Assets	$ 69,321,221	$ 31,691,580	$ 23,380,462	$ 28,562,644	$ 20,065,764	$ 7,488,233	$ 180,509,904
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 21,530,979	$ 4,210,276	$ 31,115	$ -	$ -	$ 269,720	$ 26,042,090
Due to other funds	1,514,515	-	-	-	-	2,448,720	3,963,235
Unearned revenue	1,822,128	-	-	-	-	167,453	1,989,581
Total Liabilities	24,867,622	4,210,276	31,115	-	-	2,885,893	31,994,906
Fund Balances							
Nonspendable	155,508	-	-	-	-	112,407	267,915
Restricted	6,022,300	27,481,304	23,349,347	28,562,644	20,065,764	4,489,933	109,971,292
Assigned	7,852,617	-	-	-	-	-	7,852,617
Unassigned	30,423,174	-	-	-	-	-	30,423,174
Total Fund Balances	44,453,599	27,481,304	23,349,347	28,562,644	20,065,764	4,602,340	148,514,998
Total Liabilities and Fund Balances	$ 69,321,221	$ 31,691,580	$ 23,380,462	$ 28,562,644	$ 20,065,764	$ 7,488,233	$ 180,509,904

JURUPA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds		$ 148,514,998
Amounts reported for governmental activities in the statement of net position are different because:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	535,171,298	
Accumulated depreciation	(160,166,710)	
Net		375,004,588
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(3,291,389)
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 they are recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:		476,407
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	182,849,235	
Lease revenue bonds payable	32,598,112	
Certificates of participation payable	3,450,000	
Site lease agreement	380,000	
Energy efficiency financing	22,282,349	
Capital leases payable	207,504	
Redevelopment agency	400,000	
Compensated absences payable	4,278,957	
Early retirement incentives	3,920,611	
Other postemployment liabilities	69,783,629	
Total		(320,150,397)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		(246,976,247)
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 as follows:		
Deferred outflows of resources	68,628,836	
Deferred inflows of resources	(14,512,152)	54,116,684
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 as follows:		
Deferred outflows of resources	13,480,028	
Deferred inflows of resources	(1,234,063)	12,245,965
Internal service funds are used to conduct certain activities for which costs are charged to other funds on 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:		242,514
Total net position - governmental activities		$ 20,183,123

JURUPA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
LCFF sources	$ 206,325,529	$ -	$ -	$ -	$ -	$ -	$ 206,325,529
Federal sources	11,806,508	-	-	-	-	7,754,089	19,560,597
Other state sources	23,730,810	-	-	-	70,336	2,868,014	26,669,160
Other local sources	9,344,297	3,632,595	6,080,227	118,854	12,710,938	2,763,999	34,650,910
Total Revenues	251,207,144	3,632,595	6,080,227	118,854	12,781,274	13,386,102	287,206,196
EXPENDITURES							
Current:							
Instructional Services:							
Instruction	157,162,930	-	-	-	-	1,521,596	158,684,526
Instruction-Related Services:							
Supervision of instruction	9,572,363	-	-	-	-	409,735	9,982,098
Instructional library, media and technology	2,458,420	-	-	-	-	-	2,458,420
School site administration	13,951,164	-	-	-	-	478,538	14,429,702
Pupil Support Services:							
Home-to-school transportation	5,701,362	-	-	-	-	-	5,701,362
Food services	218,457	-	-	-	-	10,401,032	10,619,489
All other pupil services	13,068,681	-	-	-	-	59,313	13,127,994
General Administration Services:							
Data processing services	2,884,504	-	-	-	-	-	2,884,504
Other general administration	5,988,907	-	-	-	-	25,844	6,014,751
Plant services	21,320,037	7,873,456	258,360	-	-	163,168	29,615,021
Ancillary services	1,286,777	-	-	-	-	-	1,286,777
Community services	3,566	-	-	-	-	-	3,566
Enterprise activities	994,542	-	-	-	-	-	994,542
Transfers of indirect costs	(402,876)	-	-	-	-	402,876	-
Capital Outlay	1,168,436	24,488,307	451,747	-	-	-	26,108,490
Intergovernmental Transfers	1,113,045	-	-	-	-	-	1,113,045
Debt Service:							
Principal	1,719,056	-	1,129,966	-	6,605,000	-	9,454,022
Interest	844,862	-	1,389,312	-	7,122,191	-	9,356,365
Total Expenditures	239,054,233	32,361,763	3,229,385	-	13,727,191	13,462,102	301,834,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,152,911	(28,729,168)	2,850,842	118,854	(945,917)	(76,000)	(14,628,478)
OTHER FINANCING SOURCES (USES)							
Interfund transfers in	-	4,488,329	499,658	24,391,958	-	1,641,164	31,021,109
Interfund transfers out	(1,641,164)	(24,450,376)	(540,064)	(4,035,169)	-	(354,336)	(31,021,109)
Other proceeds	-	35,440	-	297,238	-	-	332,678
Total Other Financing Sources and Uses	(1,641,164)	(19,926,607)	(40,406)	20,654,027	-	1,286,828	332,678
Net Change in Fund Balances	10,511,747	(48,655,775)	2,810,436	20,772,881	(945,917)	1,210,828	(14,295,800)
Fund Balances, July 1, 2019	33,941,852	76,137,079	20,538,911	7,789,763	21,011,681	3,391,512	162,810,798
Fund Balances, June 30, 2020	$ 44,453,599	$ 27,481,304	$ 23,349,347	$ 28,562,644	$ 20,065,764	$ 4,602,340	$ 148,514,998

JURUPA 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, 2020

Total net change in fund balances - governmental funds		$ (14,295,800)
Amounts reported for governmental activities in the statement of activities are different because:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their esetimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	26,712,358	
Depreciation expense	(9,602,314)	
Net		17,110,044
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		9,454,022
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, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:		868,845
In the 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 is:		105,000
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statements of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(359,839)
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as an interest expense for the period.		(923,577)
In the statement of activities, certain operating expenses - compensated absences, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave earned exceeded the amounts used by:		(981,853)
In governmental funds, pension costs are recognized when employer contributions are made, in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between the accrual basis pension costs and actual employer contributions was:		(15,624,371)
In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(4,551,727)
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time and structured legal settlements. This year, expenses incurred for such obligations were:		980,153
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		183,066
Change in net position of governmental activities		$ (8,036,037)

JURUPA UNIFIED SCHOOL DISTRICT

Statement of Net Position – Proprietary Fund
June 30, 2020

	Governmental Activities Internal Service Fund
ASSETS	
Deposits and investments	$ 420,498
Accounts receivable	655
Due from other funds	694,542
Total assets	1,115,695
LIABILITIES	
Accounts payable	601,153
Due to other funds	23,354
Estimated claims liability	248,674
Total liabilities	873,181
NET POSITION	
Restricted	$ 242,514

JURUPA UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2020

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
In-District premiums	$ 994,542
OPERATING EXPENSES	
Payments for claims and other operating expenses	816,934
Operating Income (Loss)	177,608
NON-OPERATING REVENUE	
Interest income	5,458
Change in net position	183,066
Net Position, July 1, 2019	59,448
Net Position, June 30, 2020	$ 242,514

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from self-insurance premiums	$ 300,000
Cash paid for operating expenses	(544,535)
Net cash provided (used) by operating activities	(244,535)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	5,722
Net increase (decrease) in cash	(238,813)
Cash, July 1, 2019	659,311
Cash, June 30, 2020	$ 420,498
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 177,608
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase in due from other funds	(694,542)
Increase in accounts payable and due to other funds	272,399
Net cash provided (used) by operating activities	$ (244,535)

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2020

	Agency Funds		Trust Fund	
	Student Body Funds	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund	Totals
ASSETS				
Deposits and investments	$ 901,883	$ 12,838,933	$ 55,456	$ 13,796,272
Accounts receivable	-	-	156	156
Inventories	39,284	-	-	39,284
Total assets	$ 941,167	$ 12,838,933	55,612	13,835,712
LIABILITIES				
Accounts payable	$ -	$ -	120	120
Due to student groups	941,167	-	-	941,167
Due to bondholders	-	12,838,933	-	12,838,933
Total liabilities	$ 941,167	$ 12,838,933	120	13,780,220
NET POSITION				
Restricted			$ 55,492	$ 55,492

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Fund
ADDITIONS	
Other local sources	$ 18,733
Total additions	18,733
DEDUCTIONS	
Materials and supplies	2,076
Other services & operating expenses	10,250
Total deductions	12,326
Change in net position	6,407
Net position, July 1, 2019	49,085
Net position, June 30, 2020	$ 55,492

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For 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 Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Jurupa School Facilities Corporation's (the "Corporation") financial activity is presented in the financial statements as the Capital Projects for Blended Component Units Fund and the Debt Service for Blended Component Units Fund. Certificates of participation and other debt issued by the Corporation are included as long-term liabilities in the District-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 funds are aggregated and reported as nonmajor funds.

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

Major Governmental Funds
The District 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. The District also maintains a Special Reserve Fund for Other than Capital Outlay. This fund does not currently meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue funds under GASB 54, the activity in this fund is being reported within the General 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Major Governmental Funds (continued)

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

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

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

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

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

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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

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

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

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

Internal Service Funds: These funds are used to account for services rendered on a cost-reimbursement basis within the District. The District operates property and liability insurance programs that are accounted for in the Internal Service Fund.

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary funds:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

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.

Private-Purpose Trust Fund: This fund is used to account separately for gifts or bequests per *Education Code* Section 41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Measurement Focus, Basis of Accounting (continued)
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.

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

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

C. Budgetary Data
The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

8. Pensions
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Balances (continued)

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.

10. Net Position

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

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

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

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

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

F. Minimum Fund Balance Policy

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

I. New GASB Pronouncement

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

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

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

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

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

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

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

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

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

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

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

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

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

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

   This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

5. (continued)
This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities.

   Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

6. (continued)
The requirements of this Statement are effective as follows:

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

Earlier application is encouraged and is permitted by topic.

7. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases,* as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

7. (continued)

   - Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
   - Clarifying the definition of *reference rate,* as it is used in Statement 53, as amended

   Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

   The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

   This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA.

   This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement).

   This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

8. (continued)
This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	$ 144,543,521
Proprietary funds	420,498
Governmental Activities	144,964,019
Fiduciary funds	13,796,272
Total deposits and investments	$ 158,760,291

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

Cash on hand and in banks	$ 2,210,904
Cash in revolving fund	25,000
Cash with fiscal agent	111,789
Investments	156,412,598
Total deposits and investments	$ 158,760,291

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Funds (continued)
In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2020, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). 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, 2020, $981,251 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 Board recognizes that the chief fiscal officer has fiduciary responsibility for any funds invested outside the county treasury and is subject to prudent investor standards for investment decisions. The investment objectives are to first safeguard the principal of the funds, then to meet liquidity needs, and third to achieve a return on the funds. Maturities of investments held at June 30, 2020 consist of the following:

		Maturity			
	Fair Value	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investment maturities:					
Invesco Short-Term Investments Trust Treasury Portfolio	$ 16,967,001	$ 16,967,001	$ -	Level 2	AAAm
County Pool	139,445,597	139,445,597	-	Uncategorized	N/A
Total Investments	$ 156,412,598	$ 156,412,598	$ -		

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, 2020, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had the following investments that represents more than five percent of the District's net investments.

Invesco Short-Term Investments Trust Treasury Portfolio	100.0%

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, 2020, consisted of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Federal Government:								
Categorical aid programs	$ 3,601,903	$ -	$ -	$ -	$ 490,469	$ 4,092,372	$ -	$ -
State Government:								
LCFF revenues	24,060,402					24,060,402	-	-
Lottery	952,465	-	-	-	-	952,465	-	-
Child nutrition	-	-	-	-	32,929	32,929	-	-
Special education	284,616	-	-	-	-	284,616	-	-
Other state resources	311,284	-	-	-	234,463	545,747	-	-
Local:								
Special education	1,827,273	-	-	-	-	1,827,273	-	-
Interest	86,768	101,847	52,472	42,253	9,379	292,719	655	131
Other	208,804	26,363	-	-	107,731	342,898	-	25
Total	$ 31,333,515	$ 128,210	$ 52,472	$ 42,253	$ 874,971	$ 32,431,421	$ 655	$ 156

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2020, consisted of the following:

	Due From Other Funds: General Fund	Due From Other Funds: Non-Major Governmental Funds	Due From Other Funds: Self-Insurance Fund	Total
General Fund	$ -	$ 819,973	$ 694,542	$ 1,514,515
Non-Major Governmental Funds	2,448,720	-	-	2,448,720
Self-Insurance Fund	23,354	-	-	23,354
Total	$ 2,472,074	$ 819,973	$ 694,542	$ 3,986,589

General Fund due to Cafeteria Fund for contribution	$ 819,973
General Fund due to Self-Insurance Fund for contribution	694,542
Adult Education Fund due to General Fund for repayment of temporary loan and indirect costs	276,724
Child Development Fund due to General Fund for repayment of temporary loan, direct and indirect costs	414,501
Cafeteria Fund due to General Fund for indirect costs	357,495
Cafeteria Fund due to Special Revenue Fund for Other Than Capital Outlay Projects Fund for temporary loan	1,400,000
Self-Insurance Fund due to General Fund for liability claim reimbursements	23,354
Total	$ 3,986,589

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2020, consisted of the following:

	Interfund Transfers In: Building Fund	Interfund Transfers In: Special Reserve Fund for Capital Outlay Projects	Interfund Transfers In: Capital Projects Fund for Blended Component Units	Interfund Transfers In: Other Governmental Funds	Totals
General Fund	$ -	$ -	$ -	$ 1,641,164	$ 1,641,164
Building Fund	-	58,418	24,391,958	-	24,450,376
Special Reserve Fund for Capital Outlay Projects	540,064	-	-	-	540,064
Capital Projects Fund for Blended Component Units	3,948,265	86,904	-	-	4,035,169
Non-Major Governmental Funds	-	354,336	-	-	354,336
Total	$ 4,488,329	$ 499,658	$ 24,391,958	$ 1,641,164	$ 31,021,109

General Fund transfer to the Cafeteria Fund for contribution	$ 1,641,164
Building Fund transfer to Special Reserve Fund for Capital Outlay Projects for expenditure reimbursements	58,418
Building Fund transfer to Capital Projects Fund for Blended Component Units for expenditure reimbursements	24,391,958
Special Reserve Fund for Capital Outlay Projects transfer to Building Fund for expenditure reimbursements	540,064
County School Facilities Fund transfer to Special Reserve Fund for Capital Outlay Projects for project reimbursement	354,336
Capital Projects Fund for Blended Component Units transfer to the Building Fund for CFD reimbursements	3,948,265
Capital Projects Fund for Blended Component Units transfer to the Special Reserve Fund for Capital Outlay Projects for CFD reimbursements	86,904
Total	$ 31,021,109

NOTE 5 – FUND BALANCES

At June 30, 2020, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Unit	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:							
Revolving cash	$ 25,000	$ -	$ -	$ -	$ -	$ -	$ 25,000
Stores inventories	25,731	-	-	-	-	112,407	138,138
Prepaid expenditures	104,777	-	-	-	-	-	104,777
Total Nonspendable	155,508	-	-	-	-	112,407	267,915
Restricted:							
Categorical programs	6,022,300	-	-	-	-	-	6,022,300
Child development programs	-	-	-	-	-	178,248	178,248
Adult education program	-	-	-	-	-	424,818	424,818
Capital projects	-	27,481,304	23,349,347	28,562,644	-	3,886,867	83,280,162
Debt service	-	-	-		20,065,764	-	20,065,764
Total Restricted	6,022,300	27,481,304	23,349,347	28,562,644	20,065,764	4,489,933	109,971,292
Assigned:							
Site discretionary carryover	779,786	-	-	-	-	-	779,786
Mgmt & conf. H&W pool	112,780	-	-	-	-	-	112,780
Certificated H&W pool	1,612,524	-	-	-	-	-	1,612,524
Classified H&W pool	1,935,051	-	-	-	-	-	1,935,051
Site donations	257,267	-	-	-	-	-	257,267
Lottery	1,224,179	-	-	-	-	-	1,224,179
Other assignments	1,931,030	-	-	-	-	-	1,931,030
Total Assigned	7,852,617	-	-	-	-	-	7,852,617
Unassigned:							
Reserve for economic uncertainties	7,220,862	-	-	-	-	-	7,220,862
Remaining unassigned balances	23,202,312	-	-	-	-	-	23,202,312
Total Unassigned	30,423,174	-	-	-	-	-	30,423,174
Total	$ 44,453,599	$ 27,481,304	$ 23,349,347	$ 28,562,644	$ 20,065,764	$ 4,602,340	$ 148,514,998

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2019	Additions	Decreases	Balance, June 30, 2020
Capital assets not being depreciated:				
Land	$ 16,018,583	$ -	$ -	$ 16,018,583
Construction in progress	59,962,751	21,250,136	47,109,161	34,103,726
Total capital assets not being depreciated	75,981,334	21,250,136	47,109,161	50,122,309
Capital assets being depreciated:				
Improvements to sites	29,236,140	354,844	-	29,590,984
Buildings	374,437,805	51,240,872	229,226	425,449,451
Equipment	29,613,357	975,667	580,470	30,008,554
Total capital assets being depreciated	433,287,302	52,571,383	809,696	485,048,989
Accumulated depreciation for:				
Improvements to sites	(18,730,761)	(267,520)	-	(18,998,281)
Buildings	(116,413,654)	(8,122,877)	(104,344)	(124,432,187)
Equipment	(15,869,838)	(1,211,917)	(345,513)	(16,736,242)
Total accumulated depreciation	(151,014,253)	(9,602,314)	(449,857)	(160,166,710)
Total capital assets being depreciated, net	282,273,049	42,969,069	359,839	324,882,279
Governmental activity capital assets, net	$ 358,254,383	$ 64,219,205	$ 47,469,000	$ 375,004,588

Depreciation expense is allocated to the following functions in the Statement of Activities:

Instruction	$ 5,674,392
Instruction Supervision and Administration	13,924
Instruction Library, Media and Technology	247,232
School Site Administration	191,332
Food Services	72,622
All Other Pupil Services	94,954
Ancillary Services	170,944
All Other General Administration	61,222
Centralized Data Processing	102,518
Plant Services	2,973,174
Total	$ 9,602,314

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2020, were as follows:

	Balance July 1, 2019	Additions	Deductions	Balance, June 30, 2020	Amount Due in One Year
General Obligation Bonds:					
Bond principal	$ 165,717,972	$ -	$ 6,605,000	$ 159,112,972	$ 5,585,000
Accreted interest component	8,212,172	790,127	-	9,002,299	-
Unamortized issuance premium	15,602,214	-	868,250	14,733,964	868,250
Sub-Total GO Bonds	189,532,358	790,127	7,473,250	182,849,235	6,453,250
Lease Revenue Bonds:					
Bond principal	29,988,476	-	-	29,988,476	65,000
Accreted interest component	471,697	133,450	-	605,147	-
Unamortized issuance premium	2,092,599	-	88,110	2,004,489	88,110
Sub-Total Lease Revenue Bonds	32,552,772	133,450	88,110	32,598,112	153,110
Certificates of Participation	4,020,000	-	570,000	3,450,000	605,000
Capital Leases	283,726	-	76,222	207,504	79,696
Redevelopment Agency	600,000	-	200,000	400,000	200,000
Compensated Absences	3,297,104	981,853	-	4,278,957	-
Early Retirement Incentives	4,900,764	-	980,153	3,920,611	980,153
Other Postemployment Benefits	52,409,553	19,866,483	2,492,407	69,783,629	-
Direct Borrowings and Direct Placements:					
Site Lease Agreement	745,000	-	365,000	380,000	380,000
Energy Efficiency Financing	23,920,149	-	1,637,800	22,282,349	1,810,627
Total	$ 312,261,426	$ 21,771,913	$ 13,882,942	$ 320,150,397	$ 10,661,836

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Payments for the lease revenue bonds, certificates of participation, redevelopment agency, and site lease agreement are paid from the Special Reserve Fund for Capital Outlay. Energy efficiency financing, capital leases, and early retirement incentives are paid from the General Fund. Compensated absences will be paid for by the fund for which the employee worked and costs for other postemployment benefits are allocated to all district activities and programs.

A. General Obligation Bonds

Election of 2001
The District received authorization at an election held on November 28, 2001 (Measure C), by an affirmative vote of 64.7% of the votes cast by eligible voters within the District to issue general obligation bonds in an amount not to exceed $58 million. The proceeds of the bonds were authorized to be used for the acquisition and construction of school facilities and equipment, specifically: repair roofing, plumbing and electrical systems, improve school safety and security, upgrade classroom technology, build and expand science laboratories and libraries, and build new schools and classrooms.

Election of 2014
Pursuant to a regularly scheduled election of the registered voters of the District held on November 4, 2014, at least 55% of the persons voting on the proposition (Measure "EE") voted to authorize the issuance and sale of not to exceed $144 million principal amount of general obligation bonds of the District to finance the construction of new facilities and renovation and improvement at existing schools and to pay costs of issuance of the bonds.

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

A. General Obligation Bonds (continued)

Refunding Bonds

In prior years, the District has issued refunding bonds. The net proceeds of the refunding bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of $508,784 remain to be amortized as of June 30, 2020. All principal amounts on the defeased debt have been paid in full.

Summary of Outstanding Bonds

Following is a summary of bonds issued by the District and outstanding as of June 30, 2020:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2019	Issuances	Payments	Balance, June 30, 2020
Election of 2001 (Measure C)								
2002	4/2/2002	5/1/2027	4.00% - 5.94%	$ 30,797,972	$ 4,922,972	$ -	$ -	$ 4,922,972
Election of 2014 (Measure EE)								
2015A	5/27/2015	8/1/2039	2.00% - 5.00%	30,000,000	21,400,000	-	-	21,400,000
2017B	1/26/2017	8/1/2041	4.00% - 5.00%	65,640,000	61,640,000	-	3,455,000	58,185,000
2019C	2/7/2019	8/1/2043	4.00% - 5.25%	48,360,000	48,360,000	-	-	48,360,000
Refunding Bonds								
2011 Refi.	11/2/2011	8/1/2022	2.00% - 5.00%	20,295,000	9,935,000	-	2,130,000	7,805,000
2012 Refi.	11/28/2012	8/1/2028	2.625% - 5.000%	25,200,000	19,460,000	-	1,020,000	18,440,000
				$ 220,292,972	$ 165,717,972	$ -	$ 6,605,000	$ 159,112,972

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2020, were as follows:

Fiscal Year	Principal	Interest	Total
2020-21	$ 5,585,000	$ 6,869,450	$ 12,454,450
2021-22	6,055,000	6,579,800	12,634,800
2022-23	4,685,000	6,313,000	10,998,000
2023-24	3,253,556	8,601,995	11,855,551
2024-25	3,705,267	8,666,408	12,371,675
2025-30	25,339,149	36,845,676	62,184,825
2030-35	23,055,000	22,791,625	45,846,625
2035-40	40,525,000	15,198,575	55,723,575
2040-44	46,910,000	4,435,212	51,345,212
Total	$ 159,112,972	$ 116,301,741	$ 275,414,713

B. Lease Revenue Bonds

On April 2, 2015, the District issued $29,988,476 in Lease Revenue Bonds. The net proceeds were deposited into the Special Reserve Fund for Capital Outlay Projects to finance school facilities, fund capitalize interest, provide a debt service reserve insurance policy and pay for costs incurred in connection with the issuance of the Bonds, including the premiums for a municipal bond insurance policy and the debt service reserve insurance policy.

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

B. Lease Revenue Bonds (continued)

Future payments are as follows:

Fiscal Year	Principal	Interest	Total
2020-21	$ 65,000	$ 1,281,750	$ 1,346,750
2021-22	135,000	1,277,750	1,412,750
2022-23	215,000	1,270,750	1,485,750
2023-24	295,000	1,259,075	1,554,075
2024-25	390,000	1,241,950	1,631,950
2025-30	3,650,000	5,767,250	9,417,250
2030-35	7,400,000	4,606,588	12,006,588
2035-40	7,613,476	7,748,774	15,362,250
2040-43	10,225,000	801,125	11,026,125
Total	$ 29,988,476	$ 25,255,012	$ 55,243,488

C. Certificates of Participation

On November 2, 2011, the District issued $7,220,000 of Refunding Certificates of Participation. The Certificates bear fixed interest rates ranging from 2.0 to 4.375 percent with annual maturities from August 2012 through August 2024. The net proceeds of $6,915,818 (after delivery costs, underwriter's discount, and original issue discount of $304,182) were used to prepay the District's outstanding Certificates of Participation (1999 Education Center Project).

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded certificates. As a result, the refunded certificates are considered to be defeased, and the related liability for the certificates has been removed from the District's liabilities.

Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of ($32,378) remain to be amortized. As of June 30, 2020, the principal balance on the defeased debt was completely paid.

The annual requirements to amortize the Refunding Certificates of Participation outstanding as of June 30, 2020 were as follows:

Fiscal Year	Principal	Interest	Total
2020-21	$ 605,000	$ 131,513	$ 736,513
2021-22	645,000	106,512	751,512
2022-23	690,000	79,381	769,381
2023-24	730,000	49,638	779,638
2024-25	780,000	17,062	797,062
Total	$ 3,450,000	$ 384,106	$ 3,834,106

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

D. Capital Leases

The District leases equipment and vehicles having a value of approximately $575,000 under agreements that provide for title to pass upon expiration of the lease period.

Future minimum lease payments are as follows:

Fiscal Year	Lease Payment
2020-21	$ 89,255
2021-22	89,254
2022-23	44,627
Total	223,136
Less Amount Representing Interest	(15,632)
Present Value of Net Minimum Lease Payments	$ 207,504

The District will receive no sublease rental revenues nor pay any contingent rentals for the equipment, classroom or buses.

E. Redevelopment Agency

On February 21, 2007, the District entered into a contract with the redevelopment agency. The contract is for the building of a new stadium at Rubidoux High School. The agreement called for the agency to provide up to $5 million to the District on a reimbursement basis. $3 million of the loan is being repaid in annual installments of $200,000, beginning June 15, 2008. The remaining $2 million will be repaid from incremental pass through funds received by the District from the agency that exceed the amount received in fiscal year 2005-2006. As of June 30, 2020, $400,000 was the outstanding balance on this obligation.

F. Early Retirement Incentives

The District has entered into various agreements for early retirement incentives for eligible employees. Eligibility requirements are that certificated employees must be 55 years of age with 5 years of STRS service or 50 years of age with 30 years of STRS service as June 30, 2019. In either case, the certificated employee must also have 5 years of service with the District as of the resignation date. Classified employees must have a minimum of 17 years of service and be eligible to retire from STRS/PERS. The agreements require the District to make 5 equal annual installment payments. As of June 30, 2020, the following payments remain outstanding:

Fiscal Year	Payment
2020-21	$ 980,153
2021-22	980,152
2022-23	980,153
2023-24	980,153
Total	$ 3,920,611

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

G. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $96,290,000 as of June 30, 2020, does not represent debt of the District and, as such, does not appear in the financial statements.

H. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 68,671,830	$ 13,480,028	$ 1,234,063	$ 7,119,166
MPP Program	1,111,799	-	-	(10,548)
Total	$ 69,783,629	$ 13,480,028	$ 1,234,063	$ 7,108,618

The details of each plan are as follows:

District Plan

Plan Description

The District's defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Certificated Employees

The District will pay for retiree health coverage (medical and dental) including dependent coverage through age 65 or eligibility for Medicare subject to an annual maximum benefit allotment. The retiree pays for any elected vision coverage. Spouse & dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires reaching normal retirement eligibility under STRS with at least 10 years of service.

The District is contractually obligated to make a flat contribution into a Certificated employee pool which is used to pay the costs for health benefits for Certificated employees. Any shortfall is paid by the Certificated employees in the pool through surcharges. The annual District contribution is $11,500 negotiated cap per eligible employee. The retired employees pay the same surcharge for their coverage as the active employees.

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

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

District Plan (continued)

Benefits Provided (continued)

Classified Employees
The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage through age 65 or eligibility for Medicare subject to an annual maximum benefit allotment. For the fiscal year ending June 30, 2020, the annual district contribution is $11,500 negotiated cap per eligible employee. The retiree pays for any amounts above the District contribution cap. The District contribution cap is pro-rated for Classified part-time employees. Spouse & dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires reaching normal retirement eligibility under PERS with at least 10 years of service.

Management Employees
The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage through age 65 or eligibility for Medicare subject to an annual District contribution cap (currently $11,500). The retiree pays for any amounts above the annual maximum. Spouse and dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires reaching normal retirement eligibility under PERS/STRS with at least 10 years of service.

Board Members
Retired Board Members are only eligible for COBRA.

Employees Covered by Benefit Terms
At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	174
Active employees	1,881
Total	2,055

Total OPEB Liability
The District's total OPEB liability of $68,671,830 for the Plan was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

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

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

District Plan (continued)

Actuarial Assumptions and Other Inputs
The total OPEB liability in the December 31, 2019 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	December 31, 2019
Inflation	2.50 percent
Salary increases	3.00 percent
Healthcare cost trend rates	6.50 percent decreasing to 5.00 percent
Retirees' share of benefit-related costs	Annual maximum benefit of $11,150. Retiree pays foı amount above annual maximum benefit.

Discount Rate
The discount rate is 2.90 percent. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

Mortality Rates
Mortality rates are based on the PubG-2010-Nyhart, Generational MP-2018 table for PERS employees and the PubT-2010- Nyhart, Generational MP-2018 table for STRS employees.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	$ 51,287,206
Changes for the year:	
Service cost	3,257,034
Interest	2,025,526
Differences between expected and actual experience	9,352,314
Changes of assumptions	5,231,609
Benefit payments	(2,481,859)
Net changes	17,384,624
Balance at December 31, 2019	$ 68,671,830

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

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

District Plan (continued)

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

Discount Rate		OPEB Liability
1% decrease	$	77,531,900
Current discount rate	$	68,671,830
1% increase	$	61,214,734

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

Healthcare Cost Trend Rate		OPEB Liability
1% decrease	$	60,289,624
Current trend rate	$	68,671,830
1% increase	$	78,709,439

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2020, the District recognized OPEB expense of $7,119,166. In addition, at June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,016,269	$ -
Changes of assumptions	4,484,236	1,234,063
District contributions subsequent to the measurement date of the net OPEB liability	979,523	-
Total	$ 13,480,028	$ 1,234,063

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 and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period is 7.0 years and 9.6186 years for the 2018-19 measurement period and earlier.

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

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

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)
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
2021	$ 2,083,418	$ 246,812
2022	2,083,418	246,815
2023	2,083,418	246,812
2024	2,083,418	246,812
2025	2,083,418	246,812
Thereafter	2,083,415	-
	$ 12,500,505	$ 1,234,063

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, 2018 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/actuarial-financial-and-investor-information.

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. The MPP Program is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2019, 5,744 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined.

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

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

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

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2020, the District reported a liability of $1,111,799 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, 2019, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total OPEB liability to June 30, 2019. 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, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net OPEB Liability	0.298553%	0.293218%	0.005335%

For the year ended June 30, 2020, the District reported OPEB expense of $(10,548).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2018 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, 2019
Valuation Date	June 30, 2018
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	3.70% for Medicare Part A, and 4.10% for Medicare Part B

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380, or an average of 0.23% of the potentially eligible population (165,422).

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

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

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)
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–2016) 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, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the California State Treasurer.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability, 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	$ 1,213,226
Current discount rate	$ 1,111,799
1% increase	$ 1,018,541

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	$ 1,013,104
Current trend rate	$ 1,111,799
1% increase	$ 1,224,906

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

I. Direct Borrowings and Direct Placements

Site Lease Agreement
On July 1, 2011, the District entered into a site lease agreement with Municipal Asset Finance Corporation, which is considered a direct borrowing. Under the agreement, the Corporation has agreed to finance the acquisition of a warehouse and the costs of certain tenant improvements for the District, and in exchange the District has agreed to lease the Peralta Elementary School property as collateral. In the event of default, the Corporation may repossess the property and re-lease it for the account of the District, in which event the District's obligation will accrue from year to year and the District will continue to receive the value of the use of the property from year to year in the form of credits against its obligation to pay lease payments.

The financing is evidenced by the issuance of $3,200,000 certificates of participation, and the District will make lease payments to the Corporation as follows:

Fiscal Year	Principal	Interest	Total
2020-21	$ 380,000	$ 15,770	$ 395,770

Energy Efficiency Financing
On September 30, 2011, the District approved an energy conservation measure, authorizing approval of the execution and delivery of an equipment/lease purchase agreement for $27,105,376. On November 1, 2013, the District entered into an energy conservation lease-option facility financing agreement with Western Alliance Bank for energy conservation measures in the amount of $6,216,491.

The agreements are for the acquisition, purchase, financing and leasing of certain equipment for the public benefit. The structure of the financings includes a site lease between the District and the Jurupa School Facilities Corporation, under which the District leases certain real property and improvements to the Corporation. Under a separate and concurrent lease agreement, the Corporation leases the property back to the District. Under an assignment agreement, the Corporation assigns to the assignee all of the Corporation's rights, title, and interest, in and to the property, including its right to receive the lease payments due under the lease.

Future payments due under the agreements are as follows:

Fiscal Year	Principal	Interest	Total
2020-21	$ 1,810,627	$ 770,954	$ 2,581,581
2021-22	1,995,071	704,859	2,699,930
2022-23	2,235,484	631,512	2,866,996
2023-24	2,457,581	549,766	3,007,347
2024-25	2,716,837	459,931	3,176,768
2025-30	7,933,145	1,071,887	9,005,032
2030-35	3,133,604	359,279	3,492,883
Total	$ 22,282,349	$ 4,548,188	$ 26,830,537

NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2020, 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	$ 174,460,715	$ 49,947,352	$ 12,918,609	$ 25,439,405
CalPERS	72,515,532	18,681,484	1,593,543	17,508,821
Total	$ 246,976,247	$ 68,628,836	$ 14,512,152	$ 42,948,226

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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/actuarial-financial-and-investor-information.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NOTE 8 – PENSION PLANS (continued)

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

Benefits Provided
The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
Required State Contribution Rate	10.328%	10.328%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

The contribution rates for each program for the year ended June 30, 2020, are presented above, and the District's total contributions were $17,761,231.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$ 174,460,715
State's proportionate share of the net pension liability associated with the District	95,179,967
Total	$ 269,640,682

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.193167%	0.186460%	0.006707%

For the year ended June 30, 2020, the District recognized pension expense of $25,439,405. In addition, the District recognized pension expense and revenue of $2,604,089 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 17,761,231	$ -
Net change in proportionate share of net pension liability	9,278,446	880,441
Difference between projected and actual earnings on pension plan investments	401,787	7,122,068
Changes of assumptions	22,065,467	-
Differences between expected and actual experience	440,421	4,916,100
Total	$ 49,947,352	$ 12,918,609

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 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
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
2021	$ 7,525,221	$ 2,041,027
2022	7,525,221	6,706,010
2023	7,525,221	2,104,772
2024	7,100,495	667,609
2025	861,122	783,510
Thereafter	1,648,841	615,681
Total	$ 32,186,121	$ 12,918,609

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, 2018 and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2016) table issued by the Society of Actuaries.

The long-term investment rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance) as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study.

NOTE 8 – PENSION PLANS (continued)

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	4.8%
Fixed Income	12%	1.3%
Real Estate	13%	3.6%
Private Equity	13%	6.3%
Risk Mitigating Strategies	9%	1.8%
Inflation Sensitive	4%	3.3%
Cash/Liquidity	2%	(0.4%)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%. 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 (7.10%) and assuming 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%)	$ 259,786,446
Current discount rate (7.10%)	174,460,715
1% increase (8.10%)	103,709,435

NOTE 8 – PENSION PLANS (continued)

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

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. 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 $13,276,704.

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, 2018 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, 2020, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

NOTE 8 – PENSION PLANS (continued)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are presented above, and the total District contributions were $6,958,531.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $72,515,532. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.248816%	0.245112%	0.003704%

For the year ended June 30, 2020, the District recognized pension expense of $17,508,821. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,958,531	$ -
Net change in proportionate share of net pension liability	2,148,909	66,407
Difference between projected and actual earnings on pension plan investments	854,541	1,527,136
Changes of assumptions	3,451,965	-
Differences between expected and actual experience	5,267,538	-
Total	$ 18,681,484	$ 1,593,543

NOTE 8 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 7,610,640	$ 22,136
2022	2,569,946	1,348,307
2023	1,047,922	223,100
2024	474,541	-
2025	19,904	-
Thereafter	-	-
Total	$ 11,722,953	$ 1,593,543

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

Valuation Date	June 30, 2018
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

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

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The 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 (6.15%)	$ 104,526,372
Current discount rate (7.15%)	72,515,532
1% increase (8.15%)	45,960,330

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.

NOTE 8 – PENSION PLANS (continued)

D. Payables to the Pension Plans

At June 30, 2020, the District reported payables of $34,476 and $11,020 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2020.

NOTE 9 – JOINT VENTURES

The Jurupa Unified School District participates in joint ventures under joint powers agreements with the Riverside Schools Risk Management Authority (RSRMA) and the Riverside County Employer/Employee Partnership (REEP) for benefits. The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The RSRMA JPA provides workers compensation insurance coverage for its members and REEP provides health and welfare benefits coverage for its members. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs.

Condensed financial information is as follows:

	REEP Audited June 30, 2019	RSRMA Unaudited June 30, 2019
Assets	$ 33,198,709	$ 16,033,104
Liabilities	8,006,484	3,439,876
Net Position	$ 25,192,225	$ 12,593,228
Revenues	$ 198,110,817	$ 45,331,533
Expenditures	192,429,481	44,240,967
Operating Income (loss)	5,681,336	1,090,566
Non-Operating Income	526,500	321,076
Change in Net Position	$ 6,207,836	$ 1,411,642

NOTE 10 – 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. During fiscal year ending June 30, 2020, the District purchased a commercial insurance policy for property and liability insurance coverage with deductibles of $10,000 for property and $50,000 for liability, with the excess coverage provided by SAFER. 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.

Workers' Compensation
For fiscal year 2020, the District participated in the RSRMA public entity risk pool for workers compensation coverage, with excess coverage provided by the PIPS public entity risk pool.

Employee Medical Benefits
The District has contracted with Kaiser, Blue Cross HMO, and Blue Cross PPO to provide employee medical and surgical benefits, and Met Life Dental, Anthem PPO Dental, and Delta for dental benefits. Basic life insurance and disability benefits are provided through American Fidelity, The Standard, Mutual of Omaha, or Met Life.

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 in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2020:

Liability Balance, July 1, 2018	$	305,958
Claims and changes in estimates		500,364
Claims payments		(557,648)
Liability Balance, June 30, 2019		248,674
Claims and changes in estimates		816,934
Claims payments		(816,934)
Liability Balance, June 30, 2020	$	248,674
Assets available to pay claims at June 30, 2020	$	1,115,695

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

C. Construction Commitments

As of June 30, 2020, the District had commitments with respect to unfinished capital projects of approximately $11.4 million to be paid from a combination of State and local funds.

D. Impact of COVID-19

On March 13, 2020, a presidential emergency was declared due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the State of California to supplement the local recovery efforts by the K-12 education community. On that same date, Governor Newsom issued Executive Order N-26-20, guaranteeing continued State funding, holding LEAs harmless from several regulations, and providing guidelines for LEAs to operate under a “distance learning” environment.

In response, the District announced the closing of all schools in mid-March. With nearly all districts in California shut down to stem the spread of COVID-19, officials statewide hastily put in place plans to deliver “grab and go” meals with minimal contact between cafeteria staff, volunteers and families in need. In addition, the District worked to implement distance learning for all students for the remainder of the 2019-20 school year. Construction projects were able to begin earlier than planned due to the absence of students resulting from the school closures.

A companion bill to Executive Order N-26-20, Senate Bill 117 changed the method used by the District to calculate average daily attendance (ADA) for both the P-2 and Annual period apportionment to include all full school months from July 1, 2019 to February 29, 2020. As events unfold and changes are made on a daily basis, the future impacts of COVID-19 on the District’s operations are not fully known at this time.

Required Supplementary Information

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JURUPA UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
Revenues				
LCFF sources	$ 205,580,812	$ 206,325,529	$ 206,325,529	$ -
Federal sources	14,073,557	11,806,508	11,806,508	-
Other state sources	16,906,988	23,730,810	23,730,810	-
Other local sources	5,920,925	9,331,346	9,331,346	-
Total Revenues	242,482,282	251,194,193	251,194,193	-
Expenditures				
Current:				
Certificated salaries	105,180,264	105,132,108	105,132,108	-
Classified salaries	35,296,099	37,418,545	37,418,545	-
Employee benefits	60,040,725	63,273,998	63,273,998	-
Books and supplies	7,448,490	4,818,290	4,818,290	-
Services and operating expenditures	27,987,011	23,793,595	23,793,595	-
Capital outlay	881,000	1,343,610	1,343,610	-
Other outgo	3,306,514	3,676,963	3,676,963	-
Transfers of indirect costs	(353,788)	(402,876)	(402,876)	-
Total Expenditures	239,786,315	239,054,233	239,054,233	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,695,967	12,139,960	12,139,960	-
Other Financing Sources and Uses				
Interfund transfers out	(692,848)	(1,641,164)	(1,641,164)	-
Net Change in Fund Balances	2,003,119	10,498,796	10,498,796	-
Fund Balance, July 1, 2019	24,986,396	32,023,773	32,023,773	-
Fund Balance, June 30, 2020	$ 26,989,515	$ 42,522,569	42,522,569	$ -

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

Special Reserve Fund for Other Than Capital Outlay	1,931,030
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 44,453,599

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2020

*Last Ten Fiscal Years**

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS						
District's proportion of the net pension liability	0.1932%	0.1865%	0.1868%	0.1883%	0.1850%	0.1770%
District's proportionate share of the net pension liability	$ 174,460,715	$ 171,370,171	$ 172,718,949	$ 152,056,280	$ 124,549,400	$ 103,433,490
State's proportionate share of the net pension liability associated with the District	95,179,967	98,117,438	102,179,071	86,575,672	65,872,726	62,458,234
Totals	$ 269,640,682	$ 269,487,609	$ 274,898,020	$ 238,631,952	$ 190,422,126	$ 165,891,724
District's covered-employee payroll	$ 104,927,617	$ 101,097,658	$ 99,762,846	$ 94,905,061	$ 85,810,574	$ 78,695,612
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.27%	169.51%	173.13%	160.22%	145.14%	131.43%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CalPERS						
District's proportion of the net pension liability	0.2488%	0.2451%	0.2456%	0.2434%	0.2205%	0.2129%
District's proportionate share of the net pension liability	$ 72,515,532	$ 65,354,668	$ 58,626,120	$ 48,071,651	$ 32,501,918	$ 24,169,334
District's covered-employee payroll	$ 34,592,598	$ 32,670,620	$ 31,885,808	$ 29,223,694	$ 35,585,736	$ 33,850,280
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.63%	200.04%	183.86%	164.50%	91.33%	71.40%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	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.*

JURUPA UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2020

*Last Ten Fiscal Years**

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS						
Contractually required contribution	$ 17,761,231	$ 17,082,216	$ 14,588,392	$ 12,550,166	$ 10,183,313	$ 7,619,979
Contributions in relation to the contractually required contribution	17,761,231	17,082,216	14,588,392	12,550,166	10,183,313	7,619,979
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 103,866,847	$ 104,927,618	$ 101,097,658	$ 99,762,846	$ 94,905,061	$ 85,810,574
Contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 6,958,531	$ 6,248,115	$ 5,074,074	$ 4,428,301	$ 3,462,131	$ 4,188,797
Contributions in relation to the contractually required contribution	6,958,531	6,248,115	5,074,074	4,428,301	3,462,131	4,188,797
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 35,284,879	$ 34,592,600	$ 32,670,620	$ 31,885,808	$ 29,223,694	$ 35,585,736
Contributions as a percentage of covered-employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2020

*Last Ten Fiscal Years**

	2019	2018	2017
Total OPEB liability			
Service cost	$ 3,257,034	$ 3,162,169	$ 3,059,671
Interest	2,025,526	1,691,815	1,600,743
Changes of benefit terms	-	1,868,222	-
Differences between expected and actual experience	9,352,314	-	-
Changes of assumptions or other inputs	5,231,609	(1,727,687)	-
Benefit payments	(2,481,859)	(2,094,189)	(1,994,466)
Net change in total OPEB liability	17,384,624	2,900,330	2,665,948
Total OPEB liability - beginning	51,287,206	48,386,876	45,720,928
Total OPEB liability - ending	$ 68,671,830	$ 51,287,206	$ 48,386,876
Covered-employee payroll	$ 126,685,505	$ 102,297,000	$ 102,297,000
Total OPEB liability as a percentage of covered-employee payroll	54.21%	50.14%	47.30%

Notes to Schedule:

The discount rate was changed from 2.9% for the most recent measurement period.

** 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.*

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2020

*Last Ten Fiscal Years**

	2019	2018	2017
District's proportion of net OPEB liability	0.2986%	0.2932%	0.2973%
District's proportionate share of net OPEB liability	$ 1,111,799	$ 1,122,347	$ 1,250,560
Covered-employee payroll	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	0.40%	0.01%

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

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

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

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

> ***Change in benefit terms*** – There were no changes in benefit terms since the previous valuation.
>
> ***Change of assumptions*** – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

Change of assumptions – The discount rate was changed from 3.87 percent to 3.50 percent since the previous valuation.

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Supplementary Information

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The Jurupa Unified School District was established on July 1, 1963, and is comprised of an area of approximately 44 square miles located in the incorporated city of Jurupa Valley in addition to unincorporated areas of western Riverside County. There were no changes in the boundaries of the District during the current year. The District is currently operating sixteen elementary schools for grades K-6, three middle schools for grades 7-8, one K-8 Academy, three comprehensive high schools for grades 9-12, one continuation high school, and a Learning Center that houses an adult education program, an independent study program, and other alternative education programs.

Governing Board

Member	Office	Term Expires
Silvia Ortega	President	December, 2020
Karen Bradford	Clerk	December, 2022
Linda Chard	Member	December, 2020
Robert Garcia	Member	December, 2022
Melissa Ragole	Member	December, 2022

DISTRICT ADMINISTRATORS

Elliott Duchon,
Superintendent

Daniel Brooks,
Assistant Superintendent, Personnel Services

Dr. Trent Hansen,
Assistant Superintendent, Planning & Development

Dave Doubravsky,
Assistant Superintendent, Education Services

Paula Ford,
Assistant Superintendent, Business Services

JURUPA UNIFIED SCHOOL DISTRICT
Balance Sheet – Non-Major Funds
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total
ASSETS						
Deposits and investments	$ 530,559	$ 561,840	$ 788,681	$ 3,799,802	$ -	$ 5,680,882
Accounts receivable	183,209	169,462	431,335	90,753	212	874,971
Due from other funds	-	-	819,973	-	-	819,973
Inventories	-	-	112,407	-	-	112,407
Total Assets	$ 713,768	$ 731,302	$ 2,152,396	$ 3,890,555	$ 212	$ 7,488,233
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 12,226	$ 53,016	$ 200,578	$ 3,900	$ -	$ 269,720
Due to other funds	276,724	414,501	1,757,495	-	-	2,448,720
Unearned revenues	-	85,537	81,916	-	-	167,453
Total Liabilities	288,950	553,054	2,039,989	3,900	-	2,885,893
Fund Balances						
Nonspendable	-	-	112,407	-	-	112,407
Restricted	424,818	178,248	-	3,886,655	212	4,489,933
Total Fund Balances	424,818	178,248	112,407	3,886,655	212	4,602,340
Total Liabilities and Fund Balances	$ 713,768	$ 731,302	$ 2,152,396	$ 3,890,555	$ 212	$ 7,488,233

See accompanying note to supplementary information.

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds
For the Fiscal Year Ended June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total
REVENUES						
Federal sources	$ 140,594	$ -	$ 7,613,495	$ -	$ -	$ 7,754,089
Other state sources	1,141,493	1,224,253	502,268	-	-	2,868,014
Other local sources	20,940	425,130	1,001,602	1,307,943	8,384	2,763,999
Total Revenues	1,303,027	1,649,383	9,117,365	1,307,943	8,384	13,386,102
EXPENDITURES						
Current:						
Instruction	466,869	1,054,727	-	-	-	1,521,596
Instruction-related services						
Supervision of instruction	302	409,433	-	-	-	409,735
School site administration	478,538	-	-	-	-	478,538
Pupil Services						
Food services	-	-	10,401,032	-	-	10,401,032
All other pupil services	328	58,985	-	-	-	59,313
General Administration:						
All other general administration	-	-	-	25,844	-	25,844
Plant services	-	-	-	163,168	-	163,168
Transfers of indirect costs	26,615	18,764	357,497	-	-	402,876
Total Expenditures	972,652	1,541,909	10,758,529	189,012	-	13,462,102
Excess (Deficiency) of Revenues Over (Under) Expenditures	330,375	107,474	(1,641,164)	1,118,931	8,384	(76,000)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	-	1,641,164	-	-	1,641,164
Interfund transfers out	-	-	-	-	(354,336)	(354,336)
Total Other Financing Sources and Uses	-	-	1,641,164	-	(354,336)	1,286,828
Net Change in Fund Balances	330,375	107,474	-	1,118,931	(345,952)	1,210,828
Fund Balances, July 1, 2019	94,443	70,774	112,407	2,767,724	346,164	3,391,512
Fund Balances, June 30, 2020	$ 424,818	$ 178,248	$ 112,407	$ 3,886,655	$ 212	$ 4,602,340

JURUPA UNIFIED SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position- ASBs
June 30, 2020

	Jurupa Valley High	Patriot High	Rubidoux High	Nueva Vista High	Jurupa Middle	Mira Loma Middle	Mission Middle	Total
ASSETS								
Deposits and investments	$ 221,006	$ 407,948	$ 112,710	$ 245	$ 89,908	$ 31,222	$ 38,844	$ 901,883
Inventories	5,050	23,871	10,363	-	-	-	-	39,284
Total assets	$ 226,056	$ 431,819	$ 123,073	$ 245	$ 89,908	$ 31,222	$ 38,844	$ 941,167
LIABILITIES								
Due to student groups	$ 226,056	$ 431,819	$ 123,073	$ 245	$ 89,908	$ 31,222	$ 38,844	$ 941,167
Total liabilities	$ 226,056	$ 431,819	$ 123,073	$ 245	$ 89,908	$ 31,222	$ 38,844	$ 941,167

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2020

	Second Period Report	Annual Report
	Certificate No. (D10B81BB)	Certificate No. (96D2C36F)
Regular ADA:		
TK/K-3	5,490.30	5,502.09
Grades 4-6	4,222.72	4,237.93
Grades 7-8	2,858.11	2,861.85
Grades 9-12	5,579.59	5,593.38
Total Regular ADA	18,150.72	18,195.25
Special Education - Nonpublic, Nonsectarian Schools:		
TK/K-3	27.63	32.59
Grades 4-6	13.40	15.49
Grades 7-8	2.92	3.69
Grades 9-12	14.14	16.45
Total Special Education, Nonpublic, Nonsectarian Schools	58.09	68.22
Total ADA	18,208.81	18,263.47

Grade Level	Required Minutes	2019-20 Offered Minutes	Number of Traditional Calendar Days	Status
Kindergarten	36,000	36,000	180	Complied
Grade 1	50,400	52,800	180	Complied
Grade 2	50,400	52,800	180	Complied
Grade 3	50,400	52,800	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	54,000	180	Complied
Grade 7	54,000	57,780	180	Complied
Grade 8	54,000	57,780	180	Complied
Grade 9	64,800	64,979	180	Complied
Grade 10	64,800	64,979	180	Complied
Grade 11	64,800	64,979	180	Complied
Grade 12	64,800	64,979	180	Complied

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2020

General Fund	(Budget) 2021 [2]	2020 [3]	2019	2018
Revenues and other financing sources	$ 249,781,385	$ 251,194,193	$ 258,135,549	$ 230,747,953
Expenditures	246,703,071	239,054,233	244,130,390	222,842,164
Other uses and transfers out	1,842,003	1,641,164	6,220,880	7,584,379
Total outgo	248,545,074	240,695,397	250,351,270	230,426,543
Change in fund balance (deficit)	1,236,311	10,498,796	7,784,279	321,410
Ending fund balance	$ 43,758,880	$ 42,522,569	$ 32,023,773	$ 24,239,494
Available reserves [1]	$ 26,633,908	$ 30,423,174	$ 19,242,637	$ 7,049,852
Available reserves as a percentage of total outgo	10.7%	12.6%	7.7%	3.1%
Total long-term debt	$ 556,464,808	$ 567,126,644	$ 548,986,265	$ 491,677,430
Average daily attendance at P-2	N/A	18,209	18,425	18,241

The General Fund balance has increased by $18.3 million over the past two years. The fiscal year 2020-21 adopted budget projects an increase of $1.2 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Long-term debt has increased $75.4 million over the past two years due primarily to the net pension liability and bond issuances.

The District has not incurred an operating deficit in any of the past three years, and does not anticipate incurring an operating deficit during the 2020-21 fiscal year.

Average daily attendance (ADA) has decreased by 32 over the past two years. No ADA will be reported during fiscal year 2020-21.

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

[2] As of September, 2020.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

JURUPA UNIFIED SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2020

	Capital Projects Fund for Blended Component Units
June 30, 2020, annual financial and budget report fund balance	$ 24,434,576
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Investments understated	4,128,068
Total adjustments	4,128,068
June 30, 2020, audited financial statement fund balance	$ 28,562,644

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	$ 38,940	
School Breakfast Program - Especially Needy	10.553	13526	800,099	
National School Lunch Program	10.555	13523	6,071,798	
USDA Donated Foods	10.555	N/A	629,447	
Total Child Nutrition Cluster				$ 7,540,284
Fresh Fruit and Vegetable Program	10.582	14968		73,210
Total U.S. Department of Agriculture				7,613,494
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516		1,977,280
Total U.S. Department of Treasury				1,977,280
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education Cluster:				
Adult Secondary Education	84.002	13978	73,699	
Adult Basic Education & ESL	84.002A	14508	66,895	
Total Adult Basic Education Cluster				140,594
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Cluster:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	5,189,540	
School Improvement Funding for LEAs	84.010	15438	179,181	
Subtotal Title I Grants Cluster				5,368,721
Title II, Part A, Supporting Effective Instruction	84.367	14341		517,748
Title III, Limited English Proficiency	84.365	14346		564,791
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		254,703
Title IV, Part B, 21st Century Community Learning Centers	84.287	14681		282,150
Title X, Part C, McKinney-Vento Homeless Assistance Grants	84.196	14332		1,421
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		157,264
Passed through Riverside County SELPA:				
Individuals with Disabilities Education Act (IDEA) Cluster:				
Local Assistance Entitlement	84.027	13379	3,099,976	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	42,877	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	153,627	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	408	
Total Special Education (IDEA) Cluster				3,296,888
Education Stabilization Cluster :				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	99,134	
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	276,077	
Total Education Stabilization Cluster				375,211
Total U.S. Department of Education				10,959,491
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Head Start	93.600	10016		1,362,823
Total U.S. Department of Health & Human Services				1,362,823
Total Expenditures of Federal Awards				$ 21,913,088

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

NOTE 1 – PURPOSE OF SCHEDULES

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

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

Schedule of Instructional Time
The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*. The instructional time presented in this schedule includes the days that the District was closed due to the COVID-19 pandemic.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 19,560,597
Differences between Federal Revenues and Expenditures:		
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	99,134
Governor's Emergency Education Relief (GEER) Fund	84.425C	276,077
COVID - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	1,977,280
Total Schedule of Expenditures of Federal Awards		$ 21,913,088

Other Independent Auditors' Reports

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

Board of Education
Jurupa Unified School District
Jurupa Valley, 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 Jurupa Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Jurupa Unified School District's basic financial statements, and have issued our report thereon dated February 16, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Jurupa Unified School 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 Jurupa Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jurupa Unified School District's internal control.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444

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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
February 16, 2021

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
Jurupa Unified School District
Jurupa Valley, California

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

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

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

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

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

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Report on Internal Control Over Compliance

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

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

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

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

Nigro & Nigro, PC

Murrieta, California
February 16, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Jurupa Unified School District
Jurupa Valley, California

Report on State Compliance
We have audited Jurupa Unified School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Jurupa Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2020.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Jurupa Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Jurupa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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

We did not test independent study because the ADA was below the level that requires testing.

Unmodified Opinion on Compliance with State Programs
In our opinion, Jurupa Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Nigro & Nigro, PC

Murrieta, California
February 16, 2021

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027 & 84.173	Special Education Cluster (IDEA)
93.600	Head Start
21.019	Coronavirus Relief Fund

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

State Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

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

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

There were no financial statement findings in 2019-20.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

There were no federal award findings or questioned costs in 2019-20.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

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

There were no state award findings or questioned costs in 2019-20.

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