

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



# JURUPA UNIFIED SCHOOL DISTRICT

*For the Fiscal Year Ended June 30, 2023*

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*For the Fiscal Year Ended June 30, 2023*

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## *Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Jurupa Unified School District  
Jurupa Valley, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jurupa Unified School District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jurupa Unified School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

The LEA Organization Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California  
December 6, 2023

# JURUPA UNIFIED SCHOOL DISTRICT

## *Management's Discussion and Analysis (Unaudited)*

### *For the Fiscal Year Ended June 30, 2023*

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

## FINANCIAL HIGHLIGHTS

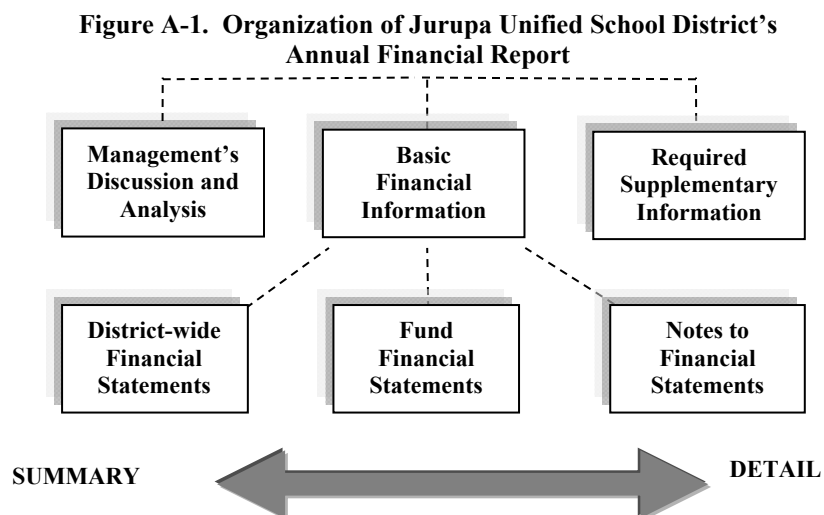
- Net position of governmental activities increased by approximately \$72.6 million.
- Governmental expenses were approximately \$355.5 million. Revenues were about \$428.1 million.
- The District spent \$29.0 million in new capital assets during the year.
- The District increased its outstanding long-term debt by \$77.0 million.
- Governmental funds increased by \$26.9 million, or 10.8%.
- Reserves for the General Fund increased by \$5.2 million. Revenues were \$381.7 million and expenditures and other financing uses were \$365.2 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**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.

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements (continued)**

- **Fiduciary funds** – Fiduciary funds are used to account for assets held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include Debt Service Fund for Special Tax Bonds. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the District's fiduciary funds are provided in the form of combining statements elsewhere in the report.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was higher on June 30, 2023, than it was the year before – increasing 45.8% to \$231.0 million (See Table A-1).

**Table A-1: Statement of Net Position**

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current assets	\$ 320,861,982	\$ 284,213,967	\$ 36,648,015
Capital assets	413,135,224	395,450,317	17,684,907
<b>Total assets</b>	<b>733,997,206</b>	<b>679,664,284</b>	<b>54,332,922</b>
<b>Total deferred outflows of resources</b>	<b>113,268,432</b>	<b>67,853,557</b>	<b>45,414,875</b>
<b>Liabilities</b>			
Current liabilities	45,997,188	35,885,024	10,112,164
Long-term liabilities	506,135,879	429,177,722	76,958,157
<b>Total liabilities</b>	<b>552,133,067</b>	<b>465,062,746</b>	<b>87,070,321</b>
<b>Total deferred inflows of resources</b>	<b>64,086,797</b>	<b>124,007,192</b>	<b>(59,920,395)</b>
<b>Net position</b>			
Net investment in capital assets	282,810,984	265,676,165	17,134,819
Restricted	128,031,230	82,473,351	45,557,879
Unrestricted	(179,796,440)	(189,701,613)	9,905,173
<b>Total net position</b>	<b>\$ 231,045,774</b>	<b>\$ 158,447,903</b>	<b>\$ 72,597,871</b>

**Changes in net position, governmental activities.** The District's total revenues increased 24.9% to \$428.1 million (See Table A-2). The increase is due primarily to federal and state grants.

The total cost of all programs and services increased 29.7% to \$355.5 million. The District's expenses are predominantly related to educating and caring for students, 81.8%. The purely administrative activities of the District accounted for just 3.7% of total costs. A significant contributor to the increase in costs was due to increased expenditures from federal and state grants.

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Table A-2: Statement of Activities**

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 2,952,578	\$ 2,259,477	\$ 693,101
Operating grants and contributions	128,339,775	74,207,786	54,131,989
Capital grants and contributions	12,241,611	9,951,139	2,290,472
General Revenues:			
Property taxes	68,999,575	62,280,279	6,719,296
Federal and state aid not restricted	209,732,970	183,643,885	26,089,085
Other general revenues	5,800,901	10,428,228	(4,627,327)
<b>Total Revenues</b>	<b>\$ 428,067,410</b>	<b>\$ 342,770,794</b>	<b>\$ 85,296,616</b>
<b>Expenses</b>			
Instruction-related	\$ 247,195,944	\$ 189,486,285	\$ 57,709,659
Pupil services	43,499,789	31,253,903	12,245,886
Administration	12,986,119	8,428,717	4,557,402
Plant services	35,835,119	28,788,174	7,046,945
All other activities	15,952,568	16,050,912	(98,344)
<b>Total Expenses</b>	<b>355,469,539</b>	<b>274,007,991</b>	<b>81,461,548</b>
Increase (decrease) in net position	<b>\$ 72,597,871</b>	<b>\$ 68,762,803</b>	<b>\$ 3,835,068</b>
<b>Net Position</b>	<b>\$ 231,045,774</b>	<b>\$ 158,447,903</b>	

**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 \$277.4 million, which is above last year's ending fund balance of \$250.5 million. The primary cause of the increased fund balance is a surplus in the General Fund and local revenues in the Special Reserve Fund for Capital Outlay.

**Table A-3: The District's Fund Balances**

<b>Fund</b>	<b>Fund Balances</b>				
	<b>July 1, 2022</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Sources and (Uses)</b>	<b>June 30, 2023</b>
General Fund	\$ 97,458,503	\$ 381,389,080	\$ 359,857,421	\$ (5,013,762)	\$ 113,976,400
Special Reserve Fund for Other than					
Capital Outlay	1,933,765	7,172	-	2,500,000	4,440,937
Student Activity Fund	986,951	1,785,837	1,593,170	-	1,179,618
Adult Education Fund	481,535	1,619,309	1,965,361	-	135,483
Child Development Fund	385,463	4,349,638	4,233,502	-	501,599
Cafeteria Fund	5,024,840	14,746,184	11,459,346	-	8,311,678
Foundation Special Revenue Fund	48,800	48,554	35,646	-	61,708
Building Fund	53,963,197	1,386,029	18,695,410	11,127,956	47,781,772
Capital Facilities Fund	6,610,447	2,951,112	181,422	13,762	9,393,899
County School Facilities Fund	31	11,130,006	-	(11,127,956)	2,081
Special Reserve Fund (Capital Outlay)	28,239,738	10,022,622	3,510,700	2,647,000	37,398,660
Capital Outlay Fund for Blended					
Component Units	32,159,145	1,767,638	5,471,874	-	28,454,909
Bond Interest and Redemption Fund	23,189,404	13,500,400	10,919,457	-	25,770,347
Foundation Private Purpose Trust Fund	-	1	1	-	-
	<b>\$ 250,481,819</b>	<b>\$ 444,703,582</b>	<b>\$ 417,923,310</b>	<b>\$ 147,000</b>	<b>\$ 277,409,091</b>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**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 \$43.5 million primarily to reflect increased estimated federal and state budget actions.
- Expenditures – increased \$29.1 million mainly due to results of negotiations subsequent to adopted budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2022-23 the District had acquired \$29.0 million in new capital assets, related to construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$11.0 million.

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

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
Land	\$ 16,018,583	\$ 16,018,583	\$ -
Improvement of sites	13,760,036	11,025,395	2,734,641
Buildings	346,237,907	305,251,791	40,986,116
Equipment	16,945,178	15,692,168	1,253,010
Construction in progress	20,173,520	47,462,380	(27,288,860)
Total	<u>\$ 413,135,224</u>	<u>\$ 395,450,317</u>	<u>\$ 17,684,907</u>

The District is anticipating continued new construction and modernization projects.

**Long-Term Debt**

At year-end the District had \$506.1 million in long-term liabilities – an increase of 17.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

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

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
General obligation bonds	\$ 167,729,852	\$ 172,731,781	\$ (5,001,929)
Lease revenue bonds	32,361,300	32,509,489	(148,189)
Certificates of participation	1,510,000	2,200,000	(690,000)
Energy efficiency financing	16,241,167	18,476,651	(2,235,484)
Compensated absences	5,904,443	5,205,472	698,971
Early retirement incentives	734,846	5,793,345	(5,058,499)
Other postemployment benefits	52,600,862	57,341,774	(4,740,912)
Net pension liability	229,053,409	134,919,210	94,134,199
Total	<u>\$ 506,135,879</u>	<u>\$ 429,177,722</u>	<u>\$ 76,958,157</u>

# **JURUPA UNIFIED SCHOOL DISTRICT**

## *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2023*

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### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

#### ***State Budget***

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

#### **K-14 Education**

##### ***Funds Modest Increase in School and Community College Funding***

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

##### ***Increase in Required Reserve Deposits***

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

##### ***Provides Large COLA to School and Community College Districts***

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

##### ***Budget Has Notable K-14 Structural Gap***

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

## **JURUPA UNIFIED SCHOOL DISTRICT**

*Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2023*

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### **FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)**

#### ***Funds School Facilities Grants***

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

All of these factors were considered in preparing the Jurupa Unified School District budget for the 2023-24 fiscal year.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (951) 360-4157.

**JURUPA UNIFIED SCHOOL DISTRICT***Statement of Net Position**June 30, 2023*

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	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 292,211,765
Accounts receivable	25,319,152
Inventories	593,577
Prepaid expenses	2,737,488
Capital assests:	
Non-depreciable assets	36,192,103
Depreciable assets	569,130,953
Less accumulated depreciation	(192,187,832)
Total assets	<u>733,997,206</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on refunding	1,435,931
Deferred outflows related to OPEB	13,841,565
Deferred outflows related to pensions	97,990,936
Total deferred outflows of resources	<u>113,268,432</u>
<b>LIABILITIES</b>	
Accounts payable	37,638,520
Accrued interest payable	2,614,040
Unearned revenue	5,744,628
Noncurrent liabilities:	
Due or payable within one year	10,774,011
Due in more than one year:	
Other than OPEB and pensions	213,707,597
Total OPEB liability	52,600,862
Net pension liability	229,053,409
Total liabilities	<u>552,133,067</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	22,594,702
Deferred inflows related to pensions	41,492,095
Total deferred inflows of resources	<u>64,086,797</u>
<b>NET POSITION</b>	
Net investment in capital assets	282,810,984
Restricted for:	
Capital projects	46,794,640
Debt service	25,770,347
Categorical programs	54,106,702
Student activity	1,241,326
Foundation funds	48,472
Self-insurance	69,743
Unrestricted	<u>(179,796,440)</u>
Total net position	<u>\$ 231,045,774</u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instructional Services:					
Instruction	\$ 210,484,893	\$ 491	\$ 76,711,518	\$ 12,241,611	\$ (121,531,273)
Instruction-Related Services:					
Supervision of instruction	11,744,678	148,544	4,085,501	-	(7,510,633)
Library, media, and technology	3,384,556	-	761,513	-	(2,623,043)
School site administration	21,581,817	1,024	725,931	-	(20,854,862)
Pupil Support Services:					
Home-to-school transportation	7,350,173	-	16,051	-	(7,334,122)
Food services	11,738,767	73,656	16,455,749	-	4,790,638
All other pupil services	24,410,849	258,977	10,385,995	-	(13,765,877)
General Administration Services:					
Data processing services	3,813,153	-	443,822	-	(3,369,331)
Other general administration	9,172,966	13,595	3,449,117	-	(5,710,254)
Plant services	35,835,119	843,139	5,451,495	-	(29,540,485)
Ancillary services	6,342,568	-	5,590,968	-	(751,600)
Community services	15,922	48	122	-	(15,752)
Enterprise activities	250,000	-	-	-	(250,000)
Interest on long-term debt	8,015,933	-	-	-	(8,015,933)
Other outgo	1,328,145	1,613,104	4,261,993	-	4,546,952
Total Governmental Activities	\$ 355,469,539	\$ 2,952,578	\$ 128,339,775	\$ 12,241,611	(211,935,575)
General Revenues:					
					68,999,575
					209,732,970
					3,161,350
					7,350
					2,485,201
					147,000
					284,533,446
					72,597,871
					158,447,903
					\$ 231,045,774

**JURUPA UNIFIED SCHOOL DISTRICT***Balance Sheet - Governmental Funds**June 30, 2023*

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Deposits and investments	\$ 131,684,405	\$ 51,763,030	\$ 36,988,127	\$ 71,125,663	\$ 291,561,225
Accounts receivable	18,822,168	847,001	693,006	4,948,854	25,311,029
Due from other funds	1,696,527	-	-	85,884	1,782,411
Inventories	178,424	-	-	415,153	593,577
Prepaid expenditures	2,735,345	-	-	2,143	2,737,488
Total Assets	<u>\$ 155,116,869</u>	<u>\$ 52,610,031</u>	<u>\$ 37,681,133</u>	<u>\$ 76,577,697</u>	<u>\$ 321,985,730</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 31,151,777	\$ 4,828,203	\$ 282,473	\$ 787,147	\$ 37,049,600
Due to other funds	85,884	56	-	1,696,471	1,782,411
Unearned revenue	5,461,871	-	-	282,757	5,744,628
Total Liabilities	<u>36,699,532</u>	<u>4,828,259</u>	<u>282,473</u>	<u>2,766,375</u>	<u>44,576,639</u>
<b>Fund Balances</b>					
Nonspendable	2,938,769	-	-	417,296	3,356,065
Restricted	45,157,942	47,781,772	37,398,660	73,394,026	203,732,400
Committed	33,801,735	-	-	-	33,801,735
Assigned	9,250,776	-	-	-	9,250,776
Unassigned	27,268,115	-	-	-	27,268,115
Total Fund Balances	<u>118,417,337</u>	<u>47,781,772</u>	<u>37,398,660</u>	<u>73,811,322</u>	<u>277,409,091</u>
Total Liabilities and Fund Balances	<u>\$ 155,116,869</u>	<u>\$ 52,610,031</u>	<u>\$ 37,681,133</u>	<u>\$ 76,577,697</u>	<u>\$ 321,985,730</u>

# JURUPA UNIFIED SCHOOL DISTRICT

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

**Total fund balances - governmental funds** \$ 277,409,091

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	605,323,056	
Accumulated depreciation	(192,187,832)	
Net		413,135,224

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: (2,614,040)

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: 1,435,931

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	167,729,852	
Lease revenue bonds payable	32,361,300	
Certificates of participation payable	1,510,000	
Energy efficiency financing	16,241,167	
Compensated absences payable	5,904,443	
Early retirement incentives	734,846	
Other postemployment liabilities	52,600,862	
Net pension liability	229,053,409	
Total		(506,135,879)

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	97,990,936	
Deferred inflows of resources	(41,492,095)	56,498,841

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	13,841,565	
Deferred inflows of resources	(22,594,702)	(8,753,137)

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: 69,743

**Total net position - governmental activities** \$ 231,045,774

# JURUPA UNIFIED SCHOOL DISTRICT

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2023

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 251,797,582	\$ -	\$ -	\$ -	\$ 251,797,582
Federal sources	26,264,663	-	-	12,086,782	38,351,445
Other state sources	85,516,391	-	-	18,501,151	104,017,542
Other local sources	17,817,616	1,386,029	10,022,622	21,310,746	50,537,013
Total Revenues	381,396,252	1,386,029	10,022,622	51,898,679	444,703,582
<b>EXPENDITURES</b>					
Current:					
Instructional Services:					
Instruction	232,108,335	-	-	3,778,587	235,886,922
Instruction-Related Services:					
Supervision of instruction	11,657,305	-	-	1,400,764	13,058,069
Instructional library, media and technology	3,090,127	-	-	5,036	3,095,163
School site administration	22,126,338	-	-	762,713	22,889,051
Pupil Support Services:					
Home-to-school transportation	8,398,680	-	-	-	8,398,680
Food services	488,752	-	-	11,288,878	11,777,630
All other pupil services	27,161,637	-	-	205,240	27,366,877
General Administration Services:					
Data processing services	3,785,870	-	-	-	3,785,870
Other general administration	8,493,168	-	-	25,574	8,518,742
Plant services	31,365,587	430,767	868,636	304,324	32,969,314
Ancillary services	4,619,956	-	-	1,593,170	6,213,126
Community services	15,551	-	-	396	15,947
Enterprise activities	250,000	-	-	-	250,000
Transfers of indirect costs	(236,258)	-	-	236,258	-
Capital Outlay	2,337,233	18,264,643	388,783	5,339,382	26,330,041
Intergovernmental Transfers	1,328,145	-	-	-	1,328,145
Debt Service:					
Principal	2,235,484	-	905,000	5,350,000	8,490,484
Interest	631,511	-	1,348,281	5,569,457	7,549,249
Total Expenditures	359,857,421	18,695,410	3,510,700	35,859,779	417,923,310
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	21,538,831	(17,309,381)	6,511,922	16,038,900	26,780,272
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers in	-	11,127,956	2,500,000	13,762	13,641,718
Interfund transfers out	(2,513,762)	-	-	(11,127,956)	(13,641,718)
Proceeds from disposal of capital assets	-	-	147,000	-	147,000
Total Other Financing Sources and Uses	(2,513,762)	11,127,956	2,647,000	(11,114,194)	147,000
Net Change in Fund Balances	19,025,069	(6,181,425)	9,158,922	4,924,706	26,927,272
Fund Balances, July 1, 2022	99,392,268	53,963,197	28,239,738	68,886,616	250,481,819
Fund Balances, June 30, 2023	\$ 118,417,337	\$ 47,781,772	\$ 37,398,660	\$ 73,811,322	\$ 277,409,091

# 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, 2023*

**Total net change in fund balances - governmental funds** \$ 26,927,272

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 estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	28,981,078	
Depreciation expense	<u>(11,036,417)</u>	
Net		17,944,661

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:

(259,754)

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.

8,490,484

In governmental funds, if debt is issued at a premium or at a discount the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, is amortized as interest over the life of the debt. Amortization of debt issue premium for the period is:

681,591

The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized over the life of the liability. The amounts added to the deferred outflows in the current year, less the amortization of the deferred amounts in the current year was:

(163,498)

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:

111,700

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.

(1,096,473)

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:

(698,971)

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:

15,702,175

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:

403,306

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:

5,058,499

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:

(503,121)

**Change in net position of governmental activities** \$ 72,597,871

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

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	Governmental Activities
	Internal Service Fund
<b>ASSETS</b>	
Deposits and investments	\$ 650,540
Accounts receivable	8,123
Total assets	658,663
<b>LIABILITIES</b>	
Accounts payable	44,861
Estimated claims liability	544,059
Total liabilities	588,920
<b>NET POSITION</b>	
Restricted	\$ 69,743

**JURUPA UNIFIED SCHOOL DISTRICT***Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2023*

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	Governmental Activities
	Internal Service Fund
<b>OPERATING REVENUES</b>	
In-District premiums	\$ 250,000
<b>OPERATING EXPENSES</b>	
Payments for claims and other operating expenses	767,637
Operating Income (Loss)	(517,637)
<b>NON-OPERATING REVENUE</b>	
Interest income	14,506
Investment income	10
Non-Operating Income (Loss)	14,516
Change in net position	(503,121)
Net Position, July 1, 2022	572,864
Net Position, June 30, 2023	\$ 69,743

**JURUPA UNIFIED SCHOOL DISTRICT***Statement of Cash Flows - Proprietary Fund**For the Fiscal Year Ended June 30, 2023*

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	Governmental Activities
	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from self-insurance premiums	\$ 250,000
Cash paid for operating expenses	(359,188)
Net cash provided (used) by operating activities	(109,188)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	7,214
Change in fair value of investments	10
Net cash provided (used) by investing activities	7,224
Net increase (decrease) in cash	(101,964)
Cash, July 1, 2022	752,504
Cash, June 30, 2023	\$ 650,540
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (517,637)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	34,771
Decrease in claims liability	373,678
Net cash provided (used) by operating activities	\$ (109,188)

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

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	<b>Debt Service Funds for Special Tax Bonds</b>	<b>Pension and OPEB Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Deposits and investments	<u>\$ 13,968,555</u>	<u>\$ 10,000,000</u>	<u>\$ 23,968,555</u>
<b>NET POSITION</b>			
Restricted for CFD debt service	\$ 13,968,555	\$ -	\$ 13,968,555
Restricted for postemployment benefits	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
Total net position	<u>\$ 13,968,555</u>	<u>\$ 10,000,000</u>	<u>\$ 23,968,555</u>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Statement of Changes in Fiduciary Net Position*  
*For the Fiscal Year Ended June 30, 2023*

	<b>Debt Service Funds for Special Tax Bonds</b>	<b>Pension and OPEB Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Local property taxes	\$ 7,517,000	\$ -	\$ 7,517,000
Interest	336,414	-	336,414
District contribution	-	10,000,000	10,000,000
<b>Total Additions</b>	<b>7,853,414</b>	<b>10,000,000</b>	<b>17,853,414</b>
<b>DEDUCTIONS</b>			
General administration	606,820	-	606,820
Debt service - interest	4,784,774	-	4,784,774
Debt service - principal	1,568,770	-	1,568,770
All other transfers out	895,788	-	895,788
<b>Total Deductions</b>	<b>7,856,152</b>	<b>-</b>	<b>7,856,152</b>
Change in fiduciary net position	(2,738)	10,000,000	9,997,262
Net position - July 1, 2022	11,613,387	-	11,613,387
Adjustment for restatement (note 13)	2,357,906	-	2,357,906
Net position - July 1, 2022, as restated	13,971,293	-	13,971,293
Net position - June 30, 2023	\$ 13,968,555	\$ 10,000,000	\$ 23,968,555

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### 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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### 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.

**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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 1. Basis of Presentation (continued)

###### Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

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

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

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

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

**Foundation Special Revenue Fund:** This fund is used to account for resources received from gifts pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

**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.

**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.

**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).

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 1. Basis of Presentation (continued)

###### Non-Major Governmental Funds (continued)

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

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

###### 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 custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary funds:

**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.

**Pension and OPEB Trust Fund:** This fund is used to account for the accumulation of resources for employees' retirement benefit payments.

##### 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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

##### 3. Revenues - Exchange and Non-Exchange Transactions

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

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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### 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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### 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. Leases

###### Lessee:

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

###### Lessor:

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 7. Leases (continued)

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

##### 8. Subscription-Based Information Technology Arrangements

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

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

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

##### 9. Postemployment Benefits Other Than Pensions (OPEB)

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 10. Pensions

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

##### 11. Fund Balances

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

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

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

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

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

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

##### 12. Net Position

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

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

## **JURUPA UNIFIED SCHOOL DISTRICT**

### *Notes to Financial Statements*

*June 30, 2023*

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

###### **12. Net Position (continued)**

- **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.

##### **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.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	\$ 291,561,225
Proprietary funds	650,540
Governmental activities	<u>292,211,765</u>
Fiduciary funds	23,968,555
Total deposits and investments	<u><u>\$ 316,180,320</u></u>

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

Cash on hand and in banks	\$ 1,107,929
Cash in revolving fund	25,000
Cash with fiscal agent	92,339
Cash collections awaiting deposit	1,790,718
Investments	<u>313,164,334</u>
Total deposits and investments	<u><u>\$ 316,180,320</u></u>

#### Pooled Funds

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

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2023, \$2,322,861 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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### 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, 2023 consist of the following:

	Fair Value	Maturity	
		Less Than One Year	One Year Through Five Years
Investment maturities:			
Invesco Short-Term Investments Trust Treasury Portfolio	\$ 13,968,555	\$ 13,968,555	\$ -
Vanguard Conservative Strategy	10,000,000	10,000,000	-
County Pool	289,195,779	289,195,779	-
Total Investments	<u>\$ 313,164,334</u>	<u>\$ 313,164,334</u>	<u>\$ -</u>

#### Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2023, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

#### Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had the following investments that represents more than five percent of the District's net investments, outside the county treasury.

Invesco Short-Term Investments Trust Treasury Portfolio	58%
Vanguard Conservative Strategy	42%

#### 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.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

#### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

##### Fair Value Measurements (continued)

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

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

#### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, consisted of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds
Federal Government:						
Categorical aid programs	\$ 8,479,402	\$ -	\$ -	\$ 2,791,662	\$ 11,271,064	\$ -
State Government:						
Lottery	1,088,696	-	-	-	1,088,696	-
Child nutrition	-	-	-	573,265	573,265	-
Other state resources	5,409,559	-	-	369,580	5,779,139	-
Local:						
Special education	959,692	-	-	-	959,692	-
Interest	1,881,539	847,001	693,006	724,491	4,146,037	8,123
Other	1,003,280	-	-	489,856	1,493,136	-
Total	<u>\$ 18,822,168</u>	<u>\$ 847,001</u>	<u>\$ 693,006</u>	<u>\$ 4,948,854</u>	<u>\$ 25,311,029</u>	<u>\$ 8,123</u>

#### NOTE 4 – INTERFUND TRANSACTIONS

##### A. Balances Due To/From Other Funds

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

	Due from other funds		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 85,884	\$ 85,884
Building Fund	56	-	56
Non-Major Governmental Funds	1,696,471	-	1,696,471
Totals	<u>\$ 1,696,527</u>	<u>\$ 85,884</u>	<u>\$ 1,782,411</u>

General Fund due to Child Development Fund for grant reimbursement	\$ 79,131
General Fund due to Cafeteria Special Revenue Fund for direct and indirect costs	6,753
Student Activity Fund to General Fund for correction to donation revenue	1,988
Adult Education Fund due to General Fund for temporary loan repayment and indirect costs	290,848
Child Development Fund due to General Fund for temporary loan repayment, direct and indirect costs	1,075,487
Cafeteria Fund due to General Fund for direct and indirect costs	181,507
Building Fund to General Fund for capital outlay projects	56
Capital Facilities Fund to General Fund for developer fee administration	146,641
Total	<u>\$ 1,782,411</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

#### NOTE 4 – INTERFUND TRANSACTIONS (continued)

##### B. Transfers To/From Other Funds

Transfers to/from other funds for the year ended June 30, 2023, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects for capital expenditures	\$	2,500,000
General Fund transfer to Capital Facilities Fund for capital outlay		13,762
County School Facilities Fund transfer to Building Fund for capital outlay		11,127,956
Total	\$	13,641,718

#### NOTE 5 – FUND BALANCES

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects*	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Stores inventories	178,424	-	-	415,153	593,577
Prepaid expenditures	2,735,345	-	-	2,143	2,737,488
Total Nonspendable	2,938,769	-	-	417,296	3,356,065
Restricted:					
Categorical programs	45,157,942	-	-	-	45,157,942
Food service programs	-	-	-	7,968,214	7,968,214
Child development programs	-	-	-	501,599	501,599
Adult education program	-	-	-	133,340	133,340
Capital projects	-	47,781,772	37,398,660	37,850,889	123,031,321
Debt service	-	-	-	25,770,347	25,770,347
Foundation funds	-	-	-	61,708	61,708
Student activity funds	-	-	-	1,107,929	1,107,929
Total Restricted	45,157,942	47,781,772	37,398,660	73,394,026	203,732,400
Committed:					
Mgmt & conf. H&W pool	251,549	-	-	-	251,549
Certificated H&W pool	2,721,639	-	-	-	2,721,639
Classified H&W pool	3,527,547	-	-	-	3,527,547
COVID-19 related contingencies	27,301,000	-	-	-	27,301,000
Total Committed	33,801,735	-	-	-	33,801,735
Assigned:					
School Site Allocations	1,929,100	-	-	-	1,929,100
PICO Program	68,425	-	-	-	68,425
Safety Credits	59,492	-	-	-	59,492
Lottery	2,752,822	-	-	-	2,752,822
Other assignments	4,440,937	-	-	-	4,440,937
Total Assigned	9,250,776	-	-	-	9,250,776
Unassigned:					
Reserve for economic uncertainties	10,956,743	-	-	-	10,956,743
Remaining unassigned balances	16,311,372	-	-	-	16,311,372
Total Unassigned	27,268,115	-	-	-	27,268,115
Total	\$ 118,417,337	\$ 47,781,772	\$ 37,398,660	\$ 73,811,322	\$ 277,409,091

\* In prior years Jurupa Unified received \$13,754,083 of unrestricted funds for outstanding mandate claims from the State and subsequently transferred those funds into Fund 40. An additional \$2,500,000 in General Fund amounts was transferred into Fund 40 during 2022-23, bringing the balance of general fund contributions to \$16,254,083. The district is reserving the right to utilize these funds for any future operational purpose or transfer these funds back to the General Fund in accordance with Ed Codes 42840-42842.

**JURUPA UNIFIED SCHOOL DISTRICT***Notes to Financial Statements**June 30, 2023***NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2022	Additions	Decreases	Balance, June 30, 2023
Capital assets not being depreciated:				
Land	\$ 16,018,583	\$ -	\$ -	\$ 16,018,583
Construction in progress	47,462,380	25,590,043	52,878,903	20,173,520
Total capital assets not being depreciated	63,480,963	25,590,043	52,878,903	36,192,103
Capital assets being depreciated:				
Improvements to sites	30,435,850	3,180,755	-	33,616,605
Buildings	448,414,989	49,884,151	303,618	497,995,522
Equipment	34,841,254	3,205,032	527,460	37,518,826
Total capital assets being depreciated	513,692,093	56,269,938	831,078	569,130,953
Accumulated depreciation for:				
Improvements to sites	(19,410,455)	(446,114)	-	(19,856,569)
Buildings	(143,163,198)	(8,667,425)	(73,008)	(151,757,615)
Equipment	(19,149,086)	(1,922,878)	(498,316)	(20,573,648)
Total accumulated depreciation	(181,722,739)	(11,036,417)	(571,324)	(192,187,832)
Total capital assets being depreciated, net	331,969,354	45,233,521	259,754	376,943,121
Governmental activity capital assets, net	\$ 395,450,317	\$ 70,823,564	\$ 53,138,657	\$ 413,135,224

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

Instruction	\$ 5,311,562
Instruction Supervision and Administration	14,093
Instruction Library, Media and Technology	231,978
School Site Administration	721,324
Home-to-school transportation	65,419
Food Services	61,331
All Other Pupil Services	64,619
Ancillary Services	175,357
All Other General Administration	249,508
Centralized Data Processing	81,745
Plant Services	4,059,481
Total	<u>\$ 11,036,417</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

Changes in long-term debt for the year ended June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Amount Due in One Year
General Obligation Bonds:					
Bond principal	\$ 151,897,972	\$ -	\$ 5,350,000	\$ 146,547,972	\$ 3,858,556
Accreted interest component	10,728,112	941,552	-	11,669,664	2,461,445
Unamortized issuance premium	10,105,697	-	593,481	9,512,216	517,389
Sub-Total GO Bonds	172,731,781	941,552	5,943,481	167,729,852	6,837,390
Lease Revenue Bonds:					
Bond principal	29,788,476	-	215,000	29,573,476	295,000
Accreted interest component	892,744	154,921	-	1,047,665	-
Unamortized issuance premium	1,828,269	-	88,110	1,740,159	88,110
Sub-Total Lease Revenue Bonds	32,509,489	154,921	303,110	32,361,300	383,110
Certificates of Participation	2,200,000	-	690,000	1,510,000	730,000
Compensated Absences	5,205,472	698,971	-	5,904,443	-
Early Retirement Incentives	5,793,345	-	5,058,499	734,846	365,931
Direct Borrowings and Direct Placements:					
Energy Efficiency Financing	18,476,651	-	2,235,484	16,241,167	2,457,580
Total	\$ 236,916,738	\$ 1,795,444	\$ 14,230,574	\$ 224,481,608	\$ 10,774,011

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Payments for the lease revenue bonds, certificates of participation, site lease agreement, and energy efficiency financing, are paid from the General Fund and the Special Reserve Fund for Capital Outlay. Early retirement incentives are paid from the General Fund. Compensated absences will be paid for by the fund for which the employee worked.

#### 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.

##### Defeasance of Debt

The District has defeased certain bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, the principal balance outstanding on the defeased debt amounted to \$20,080,00.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2023, deferred amounts on refunding were \$1,448,881.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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

#### A. General Obligation Bonds (continued)

A summary of all bonds issued and outstanding at June 30, 2023 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Issuances	Payments	Balance, June 30, 2023
<b>Election of 2001 (Measure C)</b>								
2002	4/2/2002	5/1/2027	4.00% - 5.94%	\$ 30,797,972	\$ 4,922,972	\$ -	\$ -	\$ 4,922,972
<b>Election of 2014 (Measure EE)</b>								
2015A	5/27/2015	8/1/2039	2.00% - 5.00%	30,000,000	1,185,000	-	160,000	1,025,000
2017B	1/26/2017	8/1/2041	4.00% - 5.00%	65,640,000	58,185,000	-	-	58,185,000
2019C	2/7/2019	8/1/2043	4.00% - 5.25%	48,360,000	44,005,000	-	330,000	43,675,000
<b>Refunding Bonds</b>								
2011 Refi.	11/2/2011	8/1/2022	2.00% - 5.00%	20,295,000	2,870,000	-	2,870,000	-
2012 Refi.	11/28/2012	8/1/2022	2.625% - 5.000%	25,200,000	1,325,000	-	1,325,000	-
2021 Refi.	5/4/2021	8/1/2039	0.191% - 2.909%	39,975,000	39,405,000	-	665,000	38,740,000
				<u>\$ 260,267,972</u>	<u>\$ 151,897,972</u>	<u>\$ -</u>	<u>\$ 5,350,000</u>	<u>\$ 146,547,972</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2023, were as follows:

Fiscal Year	Principal	Interest	Totals
2023-24	\$ 3,858,556	\$ 7,886,726	\$ 11,745,282
2024-25	4,240,267	8,018,505	12,258,772
2025-26	4,647,987	8,131,472	12,779,459
2026-27	6,041,162	11,459,504	17,500,666
2027-28	4,600,000	5,096,329	9,696,329
2028-33	24,450,000	23,026,886	47,476,886
2033-38	33,305,000	17,577,061	50,882,061
2038-43	52,545,000	8,960,994	61,505,994
2043-44	12,860,000	302,669	13,162,669
Totals	<u>\$ 146,547,972</u>	<u>\$ 90,460,146</u>	<u>\$ 237,008,118</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### 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.

Future payments are as follows:

Fiscal Year	Principal	Interest	Totals
2023-24	\$ 295,000	\$ 1,259,075	\$ 1,554,075
2024-25	390,000	1,241,950	1,631,950
2025-26	490,000	1,219,950	1,709,950
2026-27	600,000	1,192,700	1,792,700
2027-28	720,000	1,159,700	1,879,700
2028-33	5,780,000	5,112,175	10,892,175
2033-38	7,246,461	6,689,351	13,935,812
2038-43	14,052,015	3,549,861	17,601,876
Totals	<u>\$ 29,573,476</u>	<u>\$ 21,424,762</u>	<u>\$ 50,998,238</u>

##### 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 \$(12,950) remain to be amortized. As of June 30, 2023, 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, 2023 were as follows:

Fiscal Year	Principal	Interest	Totals
2023-24	\$ 730,000	\$ 49,637	\$ 779,637
2024-25	780,000	17,063	797,063
Totals	<u>\$ 1,510,000</u>	<u>\$ 66,700</u>	<u>\$ 1,576,700</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### D. 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. 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, 2023, the following payments remain outstanding:

Fiscal Year	Payment
2023-24	\$ 365,931
2024-25	184,457
2025-26	184,458
Total	<u>\$ 734,846</u>

##### E. 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 \$114,873,225 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the financial statements.

##### F. Direct Borrowings and Direct Placements

###### 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. The agreements do not meet the criteria to be considered a lease under GASB 87.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### F. Direct Borrowings and Direct Placements (continued)

###### Energy Efficiency Financing (continued)

Future payments due under the agreements are as follows:

Fiscal Year	Principal	Interest	Totals
2023-24	\$ 2,457,580	\$ 549,766	\$ 3,007,346
2024-25	2,716,837	459,930	3,176,767
2025-26	2,961,646	360,896	3,322,542
2026-27	3,222,193	252,983	3,475,176
2027-28	868,702	169,671	1,038,373
2028-33	2,582,688	576,434	3,159,122
2033-35	1,431,521	71,183	1,502,704
Totals	<u>\$ 16,241,167</u>	<u>\$ 2,440,863</u>	<u>\$ 18,682,030</u>

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

For the fiscal year ended June 30, 2023, 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	\$ 51,602,843	\$ 13,841,565	\$ 22,594,702	\$ 3,648,133
MPP Program	998,019	-	-	(125,553)
Totals	<u>\$ 52,600,862</u>	<u>\$ 13,841,565</u>	<u>\$ 22,594,702</u>	<u>\$ 3,522,580</u>

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. As of the measurement date, no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The District opened a trust during the 2022-23 year, however, this activity will not be reflected in reporting information for the fiscal year ending June 30, 2023 due to the fact that initial contributions were posted subsequent to the measurement date.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

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

#### District Plan (continued)

##### ***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 subject to the District's negotiated cap per eligible employee. The retired employees pay the same surcharge for their coverage as the active employees.

##### 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, 2023, the annual district contribution is subject to the District's 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. 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	199
Active employees	1,960
Total	<u><u>2,159</u></u>

##### ***Total OPEB Liability***

The District's total OPEB liability of \$51,602,843 for the Plan was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2021.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### District Plan (continued)

##### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2021
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

##### *Discount Rate*

The discount rate is 3.72 percent. This discount rate is based on an index of 20 year general obligation municipal bonds rated AA or higher.

##### *Mortality Rates*

The mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous and School Employees tables for classified employees and the 2020 CalSTRS Mortality Tables for Certificated Employees.

##### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at January 1, 2022</b>	\$ 56,218,202
<b>Changes for the year:</b>	
Service cost	3,834,160
Interest	1,171,213
Changes of assumptions	(7,060,138)
Benefit payments	(2,560,594)
Net changes	(4,615,359)
<b>Balance at December 31, 2022</b>	<u><u>\$ 51,602,843</u></u>

##### *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	\$ 56,069,615
Current discount rate	\$ 51,602,843
1% increase	\$ 48,750,458

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### District Plan (continued)

##### *Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 45,605,612
Current trend rate	\$ 51,602,843
1% increase	\$ 58,413,683

##### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2023, the District recognized OPEB expense of \$3,648,133. In addition, at June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date of the net OPEB liability	\$ 2,456,298	\$ -
Differences between expected and actual experience	7,384,382	1,978,861
Changes of assumptions	4,000,885	20,615,841
Total	<u>\$ 13,841,565</u>	<u>\$ 22,594,702</u>

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 2,554,521	\$ 3,911,761
2025	2,554,521	3,911,757
2026	2,554,518	3,664,948
2027	471,103	3,664,948
2028	471,103	3,664,938
Thereafter	2,779,501	3,776,350
Total	<u>\$ 11,385,267</u>	<u>\$ 22,594,702</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### Medicare Premium Payment (MPP) Program

###### **Plan Description**

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

###### **Benefits Provided**

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

As of June 30, 2022, 4,770 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

###### **Total OPEB Liability**

At June 30, 2023, the District reported a liability of \$998,019 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<b>Percentage Share of MPP Program</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2023</b>	<b>Fiscal Year Ending June 30, 2022</b>	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net OPEB Liability	0.302971%	0.281693%	0.021278%

For the year ended June 30, 2023, the District reported OPEB expense of \$(125,553).

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### Medicare Premium Payment (MPP) Program (continued)

###### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population of 145,282.

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

###### *Discount Rate*

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

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

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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

##### Medicare Premium Payment (MPP) Program (continued)

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

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 1,332,035
Current discount rate	\$ 998,019
1% increase	\$ 920,079

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 915,720
Current trend rate	\$ 998,019
1% increase	\$ 1,091,309

#### NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2023, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 140,273,675	\$ 47,585,206	\$ 21,561,380	\$ 5,216,847
CalPERS	88,779,734	50,405,730	19,930,715	11,425,382
Total	<u>\$ 229,053,409</u>	<u>\$ 97,990,936</u>	<u>\$ 41,492,095</u>	<u>\$ 16,642,229</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

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

###### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

###### Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<b>STRP Defined Benefit Program</b>	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

### NOTE 9 – PENSION PLANS (continued)

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

##### Contributions

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

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

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were \$25,498,327.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$	140,273,675
State's proportionate share of the net pension liability associated with the District		70,248,508
Total	\$	210,522,183

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.201873%	0.187400%	0.014473%

**JURUPA UNIFIED SCHOOL DISTRICT***Notes to Financial Statements**June 30, 2023***NOTE 9 – PENSION PLANS (continued)****A. California State Teachers' Retirement System (CalSTRS)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2023, the District recognized pension expense of \$5,216,847. In addition, the District recognized pension expense and revenue of \$(5,254,077) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 25,498,327	\$ -
Net change in proportionate share of net pension liability	15,015,257	4,184,127
Difference between projected and actual earnings on pension plan investments	-	6,859,654
Changes of assumptions	6,956,554	-
Differences between expected and actual experience	115,068	10,517,599
Total	<u>\$ 47,585,206</u>	<u>\$ 21,561,380</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 8,839,706	\$ 8,114,593
2025	2,753,294	8,651,576
2026	2,753,295	11,221,688
2027	2,753,294	(9,387,486)
2028	1,668,822	2,183,891
Thereafter	3,318,468	777,118
Total	<u>\$ 22,086,879</u>	<u>\$ 21,561,380</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLANS (continued)

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

###### Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

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

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

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

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

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLANS (continued)

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

###### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 238,236,727
Current discount rate (7.10%)	140,273,675
1% increase (8.10%)	58,934,889

###### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$11,269,321.

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

###### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLANS (continued)

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

###### Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<b>Schools Pool (CalPERS)</b>	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

###### Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are presented above, and the total District contributions were \$12,100,171.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

### NOTE 9 – PENSION PLANS (continued)

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

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$88,779,734. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.258012%	0.244103%	0.013909%

For the year ended June 30, 2023, the District recognized pension expense of \$11,425,382. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,100,171	\$ -
Net change in proportionate share of net pension liability	4,054,925	922,252
Difference between projected and actual earnings on pension plan investments	27,281,982	16,799,510
Changes of assumptions	6,567,420	-
Differences between expected and actual experience	401,232	2,208,953
Total	\$ 50,405,730	\$ 19,930,715

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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.9 years.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 11,167,989	\$ 6,701,067
2025	10,446,909	6,701,067
2026	9,413,592	6,528,581
2027	7,277,069	-
2028	-	-
Thereafter	-	-
Total	<u>\$ 38,305,559</u>	<u>\$ 19,930,715</u>

###### **Actuarial Methods and Assumptions**

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLANS (continued)

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

###### Actuarial Methods and Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

###### Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 128,246,821
Current discount rate (6.9%)	88,779,734
1% increase (7.9%)	56,161,637

##### C. Social Security

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

##### D. Payables to the Pension Plans

At June 30, 2023, the District reported payables of \$675,154 and \$171,486 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

## JURUPA UNIFIED SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2023*

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#### **NOTE 10 – 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. Financial information is available directly from the respective entities.

#### **NOTE 11 – 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, 2023, 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 2021, 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, Anthem Blue Cross HMO, and Anthem 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 approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

Liability Balance, July 1, 2021	\$	411,632
Claims and changes in estimates		(209,481)
Claims payments		(94,770)
Liability Balance, June 30, 2022		107,381
Claims and changes in estimates		756,453
Claims payments		(319,775)
Liability Balance, June 30, 2023	\$	544,059
Assets available to pay claims at June 30, 2023	\$	658,663

## **JURUPA UNIFIED SCHOOL DISTRICT**

### *Notes to Financial Statements*

*June 30, 2023*

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#### **NOTE 12 – 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.

**C. Construction Commitments**

As of June 30, 2023, the District had commitments with respect to unfinished capital projects of approximately \$57.7 million to be paid from a combination of State and local funds.

#### **NOTE 13 – ADJUSTMENT FOR RESTATEMENT**

The District has restated the beginning net position for fiduciary funds July 1, 2022 in the amount of \$2,357,906 to account for additional CFD activity.

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*Required Supplementary Information*

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**JURUPA UNIFIED SCHOOL DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts			Variance with
	Original	Final	Actual (Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF sources	\$ 238,186,549	\$ 251,797,582	\$ 251,797,582	\$ -
Federal sources	56,233,927	26,264,663	26,264,663	-
Other state sources	29,738,409	85,516,391	85,516,391	-
Other local sources	13,762,934	17,811,599	17,810,444	(1,155)
Total Revenues	337,921,819	381,390,235	381,389,080	(1,155)
Expenditures				
Current:				
Certificated salaries	120,395,567	143,092,735	143,092,734	1
Classified salaries	45,367,372	52,426,106	52,426,106	-
Employee benefits	76,981,323	82,360,602	82,360,602	-
Books and supplies	40,580,584	21,375,603	21,375,603	-
Services and operating expenditures	37,327,224	52,383,795	52,383,795	-
Capital outlay	5,976,495	4,259,698	4,259,698	-
Other outgo	4,376,996	4,195,141	4,195,141	-
Transfers of indirect costs	(233,779)	(236,258)	(236,258)	-
Total Expenditures	330,771,782	359,857,422	359,857,421	1
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	7,150,037	21,532,813	21,531,659	(1,154)
Other Financing Sources and Uses				
Interfund transfers in	-	353,569	353,569	-
Interfund transfers out	(11,500,000)	(5,367,331)	(5,367,331)	-
Net Change in Fund Balances	(4,349,963)	16,519,051	16,517,897	(1,154)
Fund Balance, July 1, 2022	90,030,951	97,458,503	97,458,503	-
Fund Balance, June 30, 2023	\$ 85,680,988	\$ 113,977,554	113,976,400	\$ (1,154)

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

Special Reserve Fund for Other Than Capital Outlay 4,440,937

**Total reported General Fund balance on the Statement of Revenues,  
Expenditures and Changes in Fund Balances:**

\$ 118,417,337

# JURUPA UNIFIED SCHOOL DISTRICT

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

CalSTRS	Last Ten Fiscal Years*				
	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.2019%	0.1874%	0.1896%	0.1932%	0.1865%
District's proportionate share of the net pension liability	\$ 140,273,675	\$ 85,282,160	\$ 183,738,075	\$ 174,460,715	\$ 171,370,171
State's proportionate share of the net pension liability associated with the District	70,248,508	42,910,675	94,716,999	95,179,967	98,117,438
Totals	\$ 210,522,183	\$ 128,192,835	\$ 278,455,074	\$ 269,640,682	\$ 269,487,609
District's covered-employee payroll	\$ 117,611,141	\$ 100,693,398	\$ 103,866,848	\$ 104,927,617	\$ 101,097,658
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.27%	84.69%	176.90%	166.27%	169.51%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
		2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability		0.1868%	0.1883%	0.1850%	0.1770%
District's proportionate share of the net pension liability		\$ 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		102,179,071	86,575,672	65,872,726	62,458,234
Totals		\$ 274,898,020	\$ 238,631,952	\$ 190,422,126	\$ 165,891,724
District's covered-employee payroll		\$ 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		173.13%	160.22%	145.14%	131.43%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Schedule of Proportionate Share of the Net Pension Liability – CalPERS For the Fiscal Year Ended June 30, 2023

	Last Ten Fiscal Years*				
CalPERS	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.2580%	0.2441%	0.2478%	0.2488%	0.2451%
District's proportionate share of the net pension liability	\$ 88,779,734	\$ 49,637,050	\$ 76,031,847	\$ 72,515,532	\$ 65,354,668
District's covered-employee payroll	\$ 40,135,845	\$ 37,057,355	\$ 35,284,879	\$ 34,592,598	\$ 32,670,620
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.20%	133.95%	215.48%	209.63%	200.04%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
		2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability		0.2456%	0.2434%	0.2205%	0.2129%
District's proportionate share of the net pension liability		\$ 58,626,120	\$ 48,071,651	\$ 32,501,918	\$ 24,169,334
District's covered-employee payroll		\$ 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		183.86%	164.50%	91.33%	71.40%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Schedule of Pension Contributions - CalSTRS*  
*For the Fiscal Year Ended June 30, 2023*

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	<i>Last Ten Fiscal Years*</i>				
	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 25,498,327	\$ 19,899,805	\$ 17,218,571	\$ 17,761,231	\$ 17,082,216
Contributions in relation to the contractually required contribution	<u>25,498,327</u>	<u>19,899,805</u>	<u>17,218,571</u>	<u>17,761,231</u>	<u>17,082,216</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 133,499,096</u>	<u>\$ 117,611,141</u>	<u>\$ 100,693,398</u>	<u>\$ 103,866,848</u>	<u>\$ 104,927,617</u>
Contributions as a percentage of covered-employee payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
		<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution		\$ 14,588,392	\$ 12,550,166	\$ 10,183,313	\$ 7,619,979
Contributions in relation to the contractually required contribution		<u>14,588,392</u>	<u>12,550,166</u>	<u>10,183,313</u>	<u>7,619,979</u>
Contribution deficiency (excess):		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll		<u>\$ 101,097,658</u>	<u>\$ 99,762,846</u>	<u>\$ 94,905,061</u>	<u>\$ 85,810,574</u>
Contributions as a percentage of covered-employee payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

\* 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 – CalPERS*  
*For the Fiscal Year Ended June 30, 2023*

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	<i>Last Ten Fiscal Years*</i>				
	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
<b>CalPERS</b>					
Contractually required contribution	\$ 12,100,171	\$ 9,195,122	\$ 7,308,081	\$ 6,958,531	\$ 6,248,115
Contributions in relation to the contractually required contribution	<u>12,100,171</u>	<u>9,195,122</u>	<u>7,308,081</u>	<u>6,958,531</u>	<u>6,248,115</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 47,694,801</u>	<u>\$ 40,135,845</u>	<u>\$ 37,057,355</u>	<u>\$ 35,284,879</u>	<u>\$ 34,592,598</u>
Contributions as a percentage of covered-employee payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
		<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
Contractually required contribution		\$ 5,074,074	\$ 4,428,301	\$ 3,462,131	\$ 4,188,797
Contributions in relation to the contractually required contribution		<u>5,074,074</u>	<u>4,428,301</u>	<u>3,462,131</u>	<u>4,188,797</u>
Contribution deficiency (excess):		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll		<u>\$ 32,670,620</u>	<u>\$ 31,885,808</u>	<u>\$ 29,223,694</u>	<u>\$ 35,585,736</u>
Contributions as a percentage of covered-employee payroll		<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

*\* 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, 2023

	Last 10 Fiscal Years*					
Employer's Fiscal Year Measurement Date, December 31,	2022-23 2022	2021-22 2021	2020-21 2020	2019-20 2019	2018-19 2018	2017-18 2017
<b>Total OPEB liability</b>						
Service cost	\$ 3,834,160	\$ 4,079,375	\$ 3,960,558	\$ 3,257,034	\$ 3,162,169	\$ 3,059,671
Interest	1,171,213	1,024,243	2,073,874	2,025,526	1,691,815	1,600,743
Changes of benefit terms	-	-	-	-	1,868,222	-
Differences between expected and actual experience	-	3,995,744	(3,166,180)	9,352,314	-	-
Changes of assumptions or other inputs	(7,060,138)	2,081,478	(21,775,010)	5,231,609	(1,727,687)	-
Benefit payments	(2,560,594)	(2,472,586)	(2,255,124)	(2,481,859)	(2,094,189)	(1,994,466)
<b>Net change in total OPEB liability</b>	(4,615,359)	8,708,254	(21,161,882)	17,384,624	2,900,330	2,665,948
<b>Total OPEB liability - beginning</b>	56,218,202	47,509,948	68,671,830	51,287,206	48,386,876	45,720,928
<b>Total OPEB liability - ending</b>	<u>\$ 51,602,843</u>	<u>\$ 56,218,202</u>	<u>\$ 47,509,948</u>	<u>\$ 68,671,830</u>	<u>\$ 51,287,206</u>	<u>\$ 48,386,876</u>
 <b>Covered payroll</b>	 \$ 137,761,484	 \$ 134,074,437	 \$ 130,486,070	 \$ 126,685,505	 \$ 102,297,000	 \$ 102,297,000
 <b>Total OPEB liability as a percentage of employee payroll</b>	 <u>37.5%</u>	 <u>41.9%</u>	 <u>36.4%</u>	 <u>54.2%</u>	 <u>50.1%</u>	 <u>47.3%</u>

\* 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, 2023*

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Employer's Fiscal Year Measurement Period	Last 10 Fiscal Years*					
	<b>2022-23</b> <b>2021-22</b>	<b>2021-22</b> <b>2020-21</b>	<b>2020-21</b> <b>2019-20</b>	<b>2019-20</b> <b>2018-19</b>	<b>2018-19</b> <b>2017-18</b>	<b>2017-18</b> <b>2016-17</b>
District's proportion of net OPEB liability	<u>0.3030%</u>	<u>0.2817%</u>	<u>0.2873%</u>	<u>0.2986%</u>	<u>0.2932%</u>	<u>0.2973%</u>
District's proportionate share of net OPEB liability	<u>\$ 998,019</u>	<u>\$ 1,123,572</u>	<u>\$ 1,217,689</u>	<u>\$ 1,111,799</u>	<u>\$ 1,122,347</u>	<u>\$ 1,250,560</u>
Covered-employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's net OPEB liability as a percentage of covered- employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>(0.94%)</u>	<u>(0.80%)</u>	<u>(0.71%)</u>	<u>(0.81%)</u>	<u>0.40%</u>	<u>0.01%</u>

*\* 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**

## *Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023*

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### **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 deferred based on the average working life. The discount rate was changed from 2.06 percent to 3.72 percent since the previous valuation.

## **JURUPA UNIFIED SCHOOL DISTRICT**

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023*

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### **NOTE 1 – PURPOSE OF SCHEDULES (continued)**

#### **Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program**

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

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

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

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*Supplementary Information*

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## JURUPA UNIFIED SCHOOL DISTRICT

### *Local Educational Agency Organization Structure*

*June 30, 2023*

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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.

<b>GOVERNING BOARD</b>		
<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Robert Garcia	President	December, 2026
Joseph Navarro	Clerk	December, 2024
Karen Bradford	Member	December, 2026
Eric Ditwiler	Member	December, 2024
Melissa Ragole	Member	December, 2026

### **DISTRICT ADMINISTRATORS**

Trenton Hansen, Ph.D.,  
*Superintendent*

Denise Hernandez,  
*Assistant Superintendent, Personnel Services*

Rosa Santos-Lee,  
*Assistant Superintendent, Pupil Services*

Daniel Brooks,  
*Assistant Superintendent, Education Services*

Paula Ford,  
*Assistant Superintendent, Business Services*

Dave Doubravsky,  
*Assistant Superintendent, Expanded Learning and the Arts*

# JURUPA UNIFIED SCHOOL DISTRICT

## Balance Sheet – Non-Major Funds

June 30, 2023

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Total
<b>ASSETS</b>										
Deposits and investments	\$ 1,109,898	\$ 308,954	\$ 154,674	\$ 5,801,077	\$ 59,929	\$ 9,308,038	\$ -	\$ 28,612,746	\$ 25,770,347	\$ 71,125,663
Accounts receivable	19	149,490	1,493,755	2,560,574	1,779	239,496	2,081	501,660	-	4,948,854
Due from other funds	-	-	79,131	6,753	-	-	-	-	-	85,884
Inventories	71,689	-	-	343,464	-	-	-	-	-	415,153
Prepaid expenditures	-	2,143	-	-	-	-	-	-	-	2,143
Total Assets	<u>\$ 1,181,606</u>	<u>\$ 460,587</u>	<u>\$ 1,727,560</u>	<u>\$ 8,711,868</u>	<u>\$ 61,708</u>	<u>\$ 9,547,534</u>	<u>\$ 2,081</u>	<u>\$ 29,114,406</u>	<u>\$ 25,770,347</u>	<u>\$ 76,577,697</u>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities</b>										
Accounts payable	\$ -	\$ 34,256	\$ 17,615	\$ 68,785	\$ -	\$ 6,994	\$ -	\$ 659,497	\$ -	\$ 787,147
Due to other funds	1,988	290,848	1,075,487	181,507	-	146,641	-	-	-	1,696,471
Unearned revenues	-	-	132,859	149,898	-	-	-	-	-	282,757
Total Liabilities	<u>1,988</u>	<u>325,104</u>	<u>1,225,961</u>	<u>400,190</u>	<u>-</u>	<u>153,635</u>	<u>-</u>	<u>659,497</u>	<u>-</u>	<u>2,766,375</u>
<b>Fund Balances</b>										
Nonspendable	71,689	2,143	-	343,464	-	-	-	-	-	417,296
Restricted	1,107,929	133,340	501,599	7,968,214	61,708	9,393,899	2,081	28,454,909	25,770,347	73,394,026
Total Fund Balances	<u>1,179,618</u>	<u>135,483</u>	<u>501,599</u>	<u>8,311,678</u>	<u>61,708</u>	<u>9,393,899</u>	<u>2,081</u>	<u>28,454,909</u>	<u>25,770,347</u>	<u>73,811,322</u>
Total Liabilities and Fund Balances	<u>\$ 1,181,606</u>	<u>\$ 460,587</u>	<u>\$ 1,727,560</u>	<u>\$ 8,711,868</u>	<u>\$ 61,708</u>	<u>\$ 9,547,534</u>	<u>\$ 2,081</u>	<u>\$ 29,114,406</u>	<u>\$ 25,770,347</u>	<u>\$ 76,577,697</u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds For the Fiscal Year Ended June 30, 2023

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Foundation Trust Fund	Total
<b>REVENUES</b>											
Federal sources	\$ -	\$ 323,140	\$ 1,508,968	\$ 10,254,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,086,782
Other state sources	-	1,272,382	1,724,823	4,319,881	-	-	11,126,958	-	57,107	-	18,501,151
Other local sources	1,785,837	23,787	1,115,847	171,629	48,554	2,951,112	3,048	1,767,638	13,443,293	1	21,310,746
Total Revenues	1,785,837	1,619,309	4,349,638	14,746,184	48,554	2,951,112	11,130,006	1,767,638	13,500,400	1	51,898,679
<b>EXPENDITURES</b>											
Current:											
Instruction	-	1,156,941	2,621,646	-	-	-	-	-	-	-	3,778,587
Instruction-related services											
Supervision of instruction	-	158	1,400,606	-	-	-	-	-	-	-	1,400,764
Instructional library, media and technology	-	5,036	-	-	-	-	-	-	-	-	5,036
School site administration	-	762,713	-	-	-	-	-	-	-	-	762,713
Pupil Services											
Food services	-	-	-	11,288,878	-	-	-	-	-	-	11,288,878
All other pupil services	-	-	169,989	-	35,250	-	-	-	-	1	205,240
General Administration:											
All other general administration	-	-	-	-	-	25,574	-	-	-	-	25,574
Plant services	-	-	15,984	-	-	144,671	-	143,669	-	-	304,324
Transfers of indirect costs	-	40,513	25,277	170,468	-	-	-	-	-	-	236,258
Ancillary services	1,593,170	-	-	-	-	-	-	-	-	-	1,593,170
Community services	-	-	-	-	396	-	-	-	-	-	396
Capital Outlay	-	-	-	-	-	11,177	-	5,328,205	-	-	5,339,382
Debt Service:											
Principal	-	-	-	-	-	-	-	-	5,350,000	-	5,350,000
Interest	-	-	-	-	-	-	-	-	5,569,457	-	5,569,457
Total Expenditures	1,593,170	1,965,361	4,233,502	11,459,346	35,646	181,422	-	5,471,874	10,919,457	1	35,859,779
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,667	(346,052)	116,136	3,286,838	12,908	2,769,690	11,130,006	(3,704,236)	2,580,943	-	16,038,900
<b>OTHER FINANCING SOURCES (USES)</b>											
Interfund transfers in	-	-	-	-	-	13,762	-	-	-	-	13,762
Interfund transfers out	-	-	-	-	-	-	(11,127,956)	-	-	-	(11,127,956)
Total Other Financing Sources and Uses	-	-	-	-	-	13,762	(11,127,956)	-	-	-	(11,114,194)
Net Change in Fund Balances	192,667	(346,052)	116,136	3,286,838	12,908	2,783,452	2,050	(3,704,236)	2,580,943	-	4,924,706
Fund Balances, July 1, 2022	986,951	481,535	385,463	5,024,840	48,800	6,610,447	31	32,159,145	23,189,404	-	68,886,616
Fund Balances, June 30, 2023	\$ 1,179,618	\$ 135,483	\$ 501,599	\$ 8,311,678	\$ 61,708	\$ 9,393,899	\$ 2,081	\$ 28,454,909	\$ 25,770,347	\$ -	\$ 73,811,322

See accompanying note to supplementary information.

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

	As Reported to CDE	
	Second Period Report	Annual Report
<b>Regular ADA:</b>		
TK/K-3	5,031.31	5,049.01
Grades 4-6	3,880.59	3,890.34
Grades 7-8	2,537.24	2,529.33
Grades 9-12	5,303.90	5,232.37
Total Regular ADA	16,753.04	16,701.05
<b>Special Education - Nonpublic, Nonsectarian Schools:</b>		
TK/K-3	23.29	25.86
Grades 4-6	10.72	11.43
Grades 7-8	3.70	3.74
Grades 9-12	11.17	11.56
Total Special Education, Nonpublic, Nonsectarian Schools	48.88	52.59
Total ADA	16,801.92	16,753.64

	As Audited	
	Second Period Report	Annual Report
<b>Regular ADA:</b>		
TK/K-3	5,031.31	5,049.01
Grades 4-6	3,880.59	3,890.34
Grades 7-8	2,537.24	2,529.33
Grades 9-12	5,303.90	5,232.37
Total Regular ADA	16,753.04	16,701.05
<b>Special Education - Nonpublic, Nonsectarian Schools:</b>		
TK/K-3	25.25	25.86
Grades 4-6	11.33	11.34
Grades 7-8	3.71	3.74
Grades 9-12	11.37	11.37
Total Special Education, Nonpublic, Nonsectarian Schools	51.66	52.31
Total ADA	16,804.70	16,753.36

## JURUPA UNIFIED SCHOOL DISTRICT

### *Schedule of Instructional Time*

*For the Fiscal Year Ended June 30, 2023*

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Grade Level	Instructional Minute Requirement	Instructional Minutes Offered			Instructional Days Offered			Status
		Actual Minutes Offered	J13-A Credited	Total	Actual Days Offered	J13-A Credited	Total	
Kindergarten	36,000	35,800	200	36,000	179	1	180	Complied
Grade 1	50,400	52,480	320	52,800	179	1	180	Complied
Grade 2	50,400	52,480	320	52,800	179	1	180	Complied
Grade 3	50,400	52,480	320	52,800	179	1	180	Complied
Grade 4	54,000	53,680	320	54,000	179	1	180	Complied
Grade 5	54,000	53,680	320	54,000	179	1	180	Complied
Grade 6	54,000	53,680	320	54,000	179	1	180	Complied
Grade 7	54,000	54,190	350	54,540	179	1	180	Complied
Grade 8	54,000	54,190	350	54,540	179	1	180	Complied
Grade 9	64,800	64,568	383	64,951	179	1	180	Complied
Grade 10	64,800	64,568	383	64,951	179	1	180	Complied
Grade 11	64,800	64,568	383	64,951	179	1	180	Complied
Grade 12	64,800	64,568	383	64,951	179	1	180	Complied

\* The District received an approved J-13A waiver for 1 day and 383 minutes.

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Schedule of Financial Trends and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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General Fund	(Budget) 2024 <sup>2</sup>	2023 <sup>3</sup>	2022	2021
Revenues and other financing sources	\$ 356,878,395	\$ 381,742,649	\$ 301,915,092	\$ 292,921,522
Expenditures	373,524,540	359,857,421	284,938,334	254,962,346
Other uses and transfers out	5,000,000	5,367,331	-	-
Total outgo	378,524,540	365,224,752	284,938,334	254,962,346
Change in fund balance (deficit)	(21,646,145)	16,517,897	16,976,758	37,959,176
Ending fund balance	\$ 92,330,255	\$ 113,976,400	\$ 97,458,503	\$ 80,481,745
Available reserves <sup>1</sup>	\$ 27,268,116	\$ 27,268,115	\$ 22,067,099	\$ 24,220,583
Available reserves as a percentage of total outgo	7.2%	7.5%	7.7%	9.5%
Total long-term debt	\$ 495,361,868	\$ 506,135,879	\$ 429,177,722	\$ 556,241,816
Average daily attendance at P-2	16,653	16,802	16,684	N/A

The General Fund balance has increased by \$33.5 million over the past two years. The fiscal year 2023-24 adopted budget projects a decrease of \$21.6 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 decreased \$50.0 million over the past two years due primarily to the net pension liability.

The District has not incurred an operating deficit in any of the past three years, but does anticipate incurring an operating deficit during the 2023-24 fiscal year.

ADA has increased by 118 since the prior year. The District is budgeting 16,653 ADA for 2023-24.

<sup>1</sup> Available reserves consist of all unassigned fund balances in the General Fund.

<sup>2</sup> As of September 2023

<sup>3</sup> 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, 2023*

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

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 1,092,489	
National School Lunch Program	10.555	13523	6,459,760	
Supply Chain Assistance (SCA) Funds	10.555	15655	450,055	
USDA Donated Foods	10.555	N/A	766,183	
Total Child Nutrition Cluster				\$ 8,768,487
Fresh Fruit and Vegetable Program	10.582	14968		132,705
Child and Adult Care Food Program:				
Child and Adult Care Food Program	10.558	13393	818,393	
Cash in Lieu of Commodities	10.558	N/A	45,435	
Subtotal Child and Adult Food Program				863,828
Total U.S. Department of Agriculture				9,765,020
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education Cluster:				
Adult Secondary Education	84.002	13978	116,600	
Adult Basic Education & ESL	84.002A	14508	138,900	
English Literacy & Civics Education	84.002	14750	67,640	
Total Adult Basic Education Cluster				323,140
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	5,677,590	
School Improvement Funding for LEAs	84.010	15438	154,498	
Subtotal Title I Grants				5,832,088
Title II, Part A, Supporting Effective Instruction	84.367	14341		1,125,182
English Language Acquisition Grants:				
Title III, Immigrant Student Program	84.365	15146	24,633	
Title III, Limited English Proficiency	84.365	14346	768,873	
Subtotal English Language Acquisition				793,506
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		438,922
Title IV, Part B, 21st Century Community Learning Centers	84.287	14681		381,596
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		181,835
Passed through Riverside County SELPA:				
Individuals with Disabilities Education Act (IDEA) Cluster:				
Local Assistance Entitlement	84.027	13379	3,445,304	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	61,486	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	63,950	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	604	
Total Special Education (IDEA) Cluster				3,571,344
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	6,427,063	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	3,755,732	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	3,484,964	
American Rescue Plan - Homeless Children and Youth II	84.425U	15566	92,394	
Total Education Stabilization Fund				13,760,153
Total U.S. Department of Education				26,407,766
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Head Start	93.600	10016		1,683,795
COVID-19 ARP California State Preschool Program One-time Stipend	93.575	15640		45,036
Total U.S. Department of Health & Human Services				1,728,831
Total Expenditures of Federal Awards				\$ 37,901,617

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Note to the Supplementary Information

June 30, 2023

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### 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

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

#### Schedule of Financial Trends and Analysis

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

#### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

#### Schedule of Expenditures of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 38,351,445
Differences between Federal Revenues and Expenditures:		
Child and Adult Care Food Program	10.558	(351,697)
Supply Chain Assistance (SCA) Funds	10.555	(137,957)
ARP California State Preschool Program One-time Stipend	93.575	45,036
ARP California State Preschool Program - Rate Supplements	93.575	(5,210)
Total Schedule of Expenditures of Federal Awards		<u>\$ 37,901,617</u>

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***Other Independent Auditors' Reports***

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

Board of Education  
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

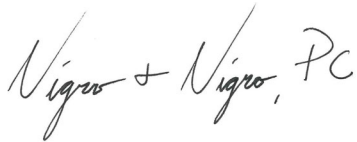
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California  
December 6, 2023



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**

***Opinion on Each Major Federal Program***

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

In our opinion, the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

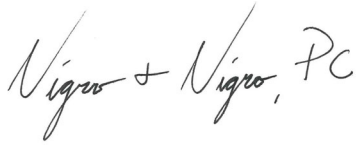
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California  
December 6, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education  
Jurupa Unified School District  
Jurupa Valley, California

### Report on Compliance

#### ***Opinion***

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

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

#### ***Basis for Opinion***

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

#### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2023-001.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance an, accordingly, we express no opinion on the response.

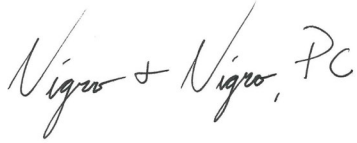
#### ***Report on Internal Control over Compliance***

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

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

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

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

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California  
December 6, 2023

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*Schedule of Findings and Questioned Costs*

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## JURUPA UNIFIED SCHOOL DISTRICT

### Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2023

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#### Financial Statements

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

#### Federal Awards

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

Assistance	
<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.173A	Individuals with Disabilities Education Act (IDEA) Cluster
84.425D, 84.425U, & 84.425C	Education Stabilization Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,137,049</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

#### State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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## JURUPA UNIFIED SCHOOL DISTRICT

### *Financial Statement Findings*

*For the Fiscal Year Ended June 30, 2023*

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

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

*There were no financial statement findings in 2022-23.*

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Federal Award Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2023*

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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 2022-23.*

## JURUPA UNIFIED SCHOOL DISTRICT

### *State Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2023*

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

#### **Finding 2023-001: Annual Attendance Accounting (10000)**

**Criteria:** California *Education Code* Section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

**Condition:** During our review of ADA totals reported by the District to CDE, we noted the following misstatements:

- Based on our recalculation, the District understated ADA reported on the P2 Report of Attendance (Line A-3) by 2.78 (see Schedule of ADA for details).
- Based on our recalculation, the District overstated ADA reported on the Annual Report of Attendance (Line A-3) by 0.28 (see Schedule of ADA for details).

**Context:** These discrepancies were isolated to nonpublic school attendance.

**Cause:** The District noted this error while reviewing their annual calculations and attempted to make revisions, but was unable to do so because of a closure in the reporting window.

**Effect:** The District is funded off of their Annual ADA reporting for non-public schools, therefore there is no derived value of ADA questioned cost for the P2 understatement. The Annual overstatement results in a derived value of ADA of \$4,004.

**Recommendation:** We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately.

**Views of Responsible Officials:** The District has identified the source of the error and has corrected the process for future reporting periods.

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

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*There were no findings or questioned costs in 2021-22.*



To the Board of Education  
Jurupa Unified School District  
Jurupa Valley, California

In planning and performing our audit of the basic financial statements of Jurupa Unified School District for the year ending June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2023 on the financial statements of Jurupa Unified School District.

**Observation:** The collective bargaining agreement with CSEA specifies that by the end of the fiscal year, employees shall not have an earned vacation balance that exceeds more than can be earned in a fiscal year unless the employee has the written approval of the superintendent or a designee. While the maximum amount differs based on employees' years of service, the maximum amount for any CSEA employee is 44 days. Management employees do not have a stated maximum, but "best practices" dictate that the same limits should apply to management employees. A significant number of classified employees, both CSEA members and non-members, are carrying accrued vacation balances in excess of 44 days. The liability for those accrued vacation balances continues to grow each year as each employee's hourly rate of pay is increased for step and column changes, as well as negotiated salary increases. At June 30, 2023, the liability for those accrued vacation balances exceeds \$5.9 million.

**Recommendation:** In order to prevent the liability from continuing to grow to excessive amounts, the District should investigate either requiring employees to take more vacation, paying off some of the excessive balances, or enforcing the cap limitation so that once employees reach the accrued vacation cap, they may not accrue additional vacation.

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

Murrieta, California  
December 6, 2023