

**JURUPA UNIFIED SCHOOL DISTRICT  
RIVERSIDE COUNTY  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2019**



**JURUPA UNIFIED SCHOOL DISTRICT**  
*For the Fiscal Year Ended June 30, 2019*  
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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jurupa Unified School District, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jurupa Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

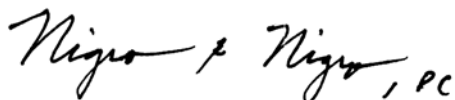
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 74 to 80 and the schedule of expenditures of federal awards on page 81 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 73 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 2, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California  
December 2, 2019

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
 For the Fiscal Year Ended June 30, 2019

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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, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- Net position of governmental activities decreased by approximately \$6.5 million.
- Governmental expenses were approximately \$269.9 million. Revenues were about \$263.4 million.
- The District spent nearly \$27.6 million in new capital assets during the year.
- The District increased its outstanding long-term debt by \$51.9 million.
- Grades K-12 average daily attendance (ADA) increased by 184, or 1.0%.
- Governmental funds increased by \$40 million, or 32.6%.
- Reserves for the General Fund increased by \$12.2 million, or 173.0%.

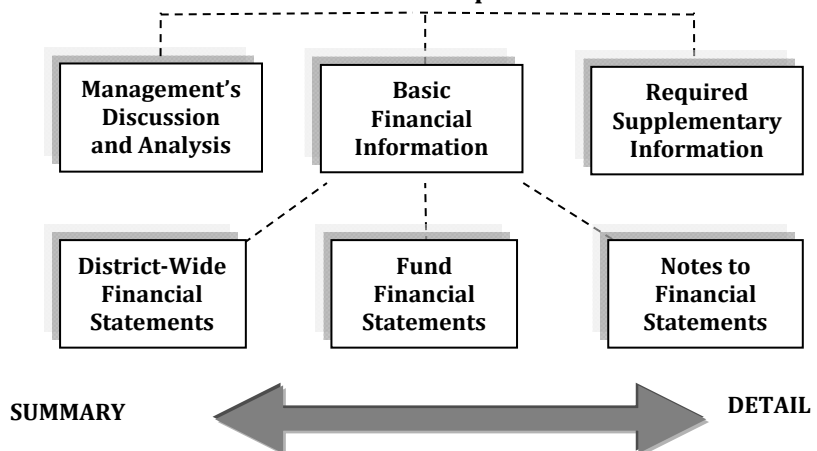
**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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, 2019*

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

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

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

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses &amp; Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2019*

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

**District-Wide Statements**

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Fiscal Year Ended June 30, 2019

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**Fund Financial Statements (continued)**

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

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

**Net Position.** The District's combined net position was lower on June 30, 2019, than it was the year before – decreasing 18.8% to \$28.2 million (See Table A-1).

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

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2019</b>	<b>2018*</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current assets	\$ 181,144,503	\$ 145,731,575	\$ 35,412,928
Capital assets	358,254,383	338,651,897	19,602,486
<b>Total assets</b>	<b>539,398,886</b>	<b>484,383,472</b>	<b>55,015,414</b>
<b>Deferred outflows of resources</b>	<b>70,046,140</b>	<b>75,932,499</b>	<b>(5,886,359)</b>
<b>Liabilities</b>			
Current liabilities	21,670,646	25,603,939	(3,933,293)
Long-term liabilities	312,261,426	260,332,361	51,929,065
Net pension liability	236,724,839	231,345,069	5,379,770
<b>Total liabilities</b>	<b>570,656,911</b>	<b>517,281,369</b>	<b>53,375,542</b>
<b>Deferred inflows of resources</b>	<b>10,568,955</b>	<b>8,302,733</b>	<b>2,266,222</b>
<b>Net position</b>			
Net investment in capital assets	198,739,392	191,625,557	7,113,835
Restricted	50,397,796	48,599,750	1,798,046
Unrestricted	(220,918,028)	(205,493,438)	(15,424,590)
<b>Total net position</b>	<b>\$ 28,219,160</b>	<b>\$ 34,731,869</b>	<b>\$ (6,512,709)</b>

\* As restated

**Changes in net position, governmental activities.** The District's total revenues increased 1.1% to \$263.4 million (See Table A-2). The increase is due primarily to increased LCFF funding from the State as a result of increased ADA.

The total cost of all programs and services increased 7.7% to \$269.9 million. The District's expenses are predominantly related to educating and caring for students, 83.1%. The purely administrative activities of the District accounted for just 2.4% of total costs. A significant contributor to the increase in costs was increased salaries and benefits costs.

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Fiscal Year Ended June 30, 2019

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

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2019</b>	<b>2018</b>	
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ (2,704,016)	\$ 596,067	\$ (3,300,083)
Operating grants and contributions	32,283,884	38,000,004	(5,716,120)
Capital grants and contributions	20,777	13,216	7,561
General Revenues:			
Property taxes	47,052,659	43,722,011	3,330,648
Federal and state aid not restricted	177,047,761	163,980,404	13,067,357
Other general revenues	9,726,501	14,204,888	(4,478,387)
<b>Total Revenues</b>	<b>263,427,566</b>	<b>260,516,590</b>	<b>2,910,976</b>
<b>Expenses</b>			
Instruction-related	193,363,358	179,762,255	13,601,103
Pupil services	31,001,497	29,184,611	1,816,886
Administration	6,480,517	7,719,561	(1,239,044)
Plant services	26,296,962	22,844,134	3,452,828
All other activities	12,797,941	11,245,510	1,552,431
<b>Total Expenses</b>	<b>269,940,275</b>	<b>250,756,071</b>	<b>19,184,204</b>
Increase (decrease) in net position	<b>\$ (6,512,709)</b>	<b>\$ 9,760,519</b>	<b>\$ (16,273,228)</b>
<b>Net Position</b>	<b>\$ 28,219,160</b>	<b>\$ 34,731,869</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 \$162.8 million, which is above last year's ending fund balance of \$122.8 million. The primary cause of the increased fund balance is the issuance of general obligation bonds.

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

<b>Fund</b>	<b>Fund Balances</b>				
	<b>July 1, 2018</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Sources and (Uses)</b>	<b>June 30, 2019</b>
General Fund	\$ 24,239,494	\$ 258,064,232	\$ 244,130,390	\$ (6,149,563)	\$ 32,023,773
Special Reserve Fund for Other than					
Capital Outlay	1,901,196	16,883	-	-	1,918,079
Adult Education Fund	24,922	1,279,411	1,218,552	8,662	94,443
Child Development Fund	11,186	1,348,848	1,301,660	12,400	70,774
Cafeteria Fund	728,920	9,417,527	11,021,084	987,044	112,407
Building Fund	38,504,117	1,280,755	23,756,516	60,108,723	76,137,079
Capital Facilities Fund	6,883,714	(3,783,948)	225,781	(106,261)	2,767,724
County School Facilities Fund	925,387	20,777	-	(600,000)	346,164
Special Reserve Fund (Capital Outlay)	17,202,565	770,118	5,787,150	8,353,378	20,538,911
Capital Outlay Fund for Blended					
Component Units	14,279,112	232,554	-	(6,721,903)	7,789,763
Bond Interest and Redemption Fund	17,427,323	10,548,628	12,446,575	5,482,305	21,011,681
Debt Service Fund	630,556	81,781	712,337	-	-
	<b>\$ 122,758,492</b>	<b>\$ 279,277,566</b>	<b>\$ 300,600,045</b>	<b>\$ 61,374,785</b>	<b>\$ 162,810,798</b>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2019*

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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 \$5.6 million primarily to reflect increased estimated federal and state budget actions and an increase in local redevelopment revenues.
- Expenditures – increased \$0.2 million mainly due to revised cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$13.8 million, the actual results for the year show that revenues exceeded expenditures by roughly \$13.9 million. Actual revenues were \$7.9 million more than anticipated, and expenditures were \$7.7 million more than budgeted. That amount consists primarily of additional STRS and PERS on-behalf contributions from the State that were not budgeted due to the late passage of legislation.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2018-19 the District had acquired \$27.6 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$8.0 million.

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2019</b>	<b>2018*</b>	
Land	\$ 16,018,583	\$ 16,018,583	\$ -
Improvement of sites	10,505,379	9,639,280	866,099
Buildings	258,024,151	218,047,833	39,976,318
Equipment	13,743,519	9,670,973	4,072,546
Construction in progress	59,962,751	85,275,228	(25,312,477)
<b>Total</b>	<b>\$ 358,254,383</b>	<b>\$ 338,651,897</b>	<b>\$ 19,602,486</b>

\* *As restated*

The District is anticipating continued new construction and modernization projects.

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2019*

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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Long-Term Debt**

At year-end the District had \$312.3 million in long-term debt other than pensions – an increase of 19.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2019</b>	<b>2018</b>	
General obligation bonds	\$ 189,532,358	\$ 142,893,283	\$ 46,639,075
Lease revenue bonds	32,552,772	32,513,961	38,811
Certificates of participation	4,020,000	4,560,000	(540,000)
Site lease agreement	745,000	1,095,000	(350,000)
Energy efficiency financing	23,920,149	25,388,772	(1,468,623)
Capital leases	283,726	370,168	(86,442)
Redevelopment agency	600,000	800,000	(200,000)
Compensated absences	3,297,104	2,940,322	356,782
Early retirement incentives	4,900,764	133,419	4,767,345
Other postemployment benefits	52,409,553	49,637,436	2,772,117
<b>Total</b>	<b>\$ 312,261,426</b>	<b>\$ 260,332,361</b>	<b>\$ 51,929,065</b>

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

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

**Major Features of the 2019-20 Spending Plan**

***Makes \$5.9 Billion in Additional Unfunded Liability Payments***

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

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

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2019*

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

**Major Features of the 2019-20 Spending Plan (continued)**

***Makes \$5.9 Billion in Additional Unfunded Liability Payments (continued)***

- ***\$2.3 Billion to Address School Districts' Unfunded Liabilities.*** The spending plan also devotes \$1.6 billion General Fund to reduce the school districts' share of the CalSTRS unfunded liability and \$660 million General Fund to address the school districts' CalPERS unfunded liability.

**K-14 Education**

***Provides a Few Notable Ongoing Proposition 98 Augmentations***

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

***Pays a Portion of Districts' Pension Costs for the Next Two Years***

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2019*

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	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 162,118,901
Investments	7,789,763
Accounts receivable	9,664,496
Inventories	130,240
Prepaid expenses	1,441,103
Non-depreciable assets	75,981,334
Depreciable assets	433,287,302
Less accumulated depreciation	<u>(151,014,253)</u>
Total assets	<u>539,398,886</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on refunding	563,922
Deferred outflows related to OPEB	904,486
Deferred outflows related to pensions	<u>68,577,732</u>
Total deferred outflows of resources	<u>70,046,140</u>
<b>LIABILITIES</b>	
Accounts payable	20,537,729
Unearned revenue	1,132,917
Long-term liabilities other than pensions:	
Portion due or payable within one year	11,390,535
Portion due or payable after one year	300,870,891
Net pension liability	<u>236,724,839</u>
Total liabilities	<u>570,656,911</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	1,480,875
Deferred inflows related to pensions	<u>9,088,080</u>
Total deferred inflows of resources	<u>10,568,955</u>
<b>NET POSITION</b>	
Net investment in capital assets	198,739,392
Restricted for:	
Capital projects	23,652,799
Debt service	21,011,681
Categorical programs	5,733,316
Unrestricted	<u>(220,918,028)</u>
Total net position	<u>\$ 28,219,160</u>



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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instructional Services:					
Instruction	\$ 165,036,054	\$ -	\$ 16,534,004	\$ 20,777	\$ (148,481,273)
Instruction-Related Services:					
Supervision of instruction	9,858,077	-	2,176,096	-	(7,681,981)
Instructional library, media and technology	3,217,362	-	(20,475)	-	(3,237,837)
School site administration	15,251,865	-	218,900	-	(15,032,965)
Pupil Support Services:					
Home-to-school transportation	6,399,140	-	1,540	-	(6,397,600)
Food services	11,572,672	1,158,886	7,783,128	-	(2,630,658)
All other pupil services	13,029,685	-	2,293,358	-	(10,736,327)
General Administration Services:					
Data processing services	3,060,083	-	(610)	-	(3,060,693)
Other general administration	3,420,434	-	588,271	-	(2,832,163)
Plant services	26,296,962	(3,862,902)	57,738	-	(30,102,126)
Ancillary services	1,500,594	-	(12,582)	-	(1,513,176)
Enterprise activities	551,533	-	-	-	(551,533)
Interest on long-term debt	9,186,547	-	-	-	(9,186,547)
Other outgo	1,559,267	-	2,664,516	-	1,105,249
<b>Total Governmental Activities</b>	<b>\$ 269,940,275</b>	<b>\$ (2,704,016)</b>	<b>\$ 32,283,884</b>	<b>\$ 20,777</b>	<b>(240,339,630)</b>
<b>General Revenues:</b>					
					47,052,659
					177,047,761
					733,475
					1,950
					8,991,076
					<u>233,826,921</u>
					<u>(6,512,709)</u>
					33,446,567
					<u>1,285,302</u>
					<u>34,731,869</u>
					<u>\$ 28,219,160</u>

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash	\$ 35,955,475	\$ 388,382	\$ 80,188,741	\$ 19,747,125	\$ 21,011,681	\$ 4,168,186	\$ 161,459,590
Investments	-	-	-	-	-	7,789,763	7,789,763
Accounts receivable	7,466,861	1,074,463	525,404	139,756	-	457,093	9,663,577
Due from other funds	3,216,058	987,562	57,800	792,668	-	-	5,054,088
Inventories	17,833	112,407	-	-	-	-	130,240
Prepaid expenditures	1,441,103	-	-	-	-	-	1,441,103
Total Assets	<u>\$ 48,097,330</u>	<u>\$ 2,562,814</u>	<u>\$ 80,771,945</u>	<u>\$ 20,679,549</u>	<u>\$ 21,011,681</u>	<u>\$ 12,415,042</u>	<u>\$ 185,538,361</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 12,144,107	\$ 81,707	\$ 4,442,198	\$ 82,838	\$ -	\$ 59,415	\$ 16,810,265
Due to other funds	987,562	2,302,998	192,668	57,800	-	1,243,353	4,784,381
Unearned revenue	1,023,809	65,702	-	-	-	43,406	1,132,917
Total Liabilities	<u>14,155,478</u>	<u>2,450,407</u>	<u>4,634,866</u>	<u>140,638</u>	<u>-</u>	<u>1,346,174</u>	<u>22,727,563</u>
<b>Fund Balances</b>							
Nonspendable	1,483,936	112,407	-	-	-	-	1,596,343
Restricted	5,568,099	-	76,137,079	20,538,911	21,011,681	11,068,868	134,324,638
Assigned	7,647,180	-	-	-	-	-	7,647,180
Unassigned	19,242,637	-	-	-	-	-	19,242,637
Total Fund Balances	<u>33,941,852</u>	<u>112,407</u>	<u>76,137,079</u>	<u>20,538,911</u>	<u>21,011,681</u>	<u>11,068,868</u>	<u>162,810,798</u>
Total Liabilities and Fund Balances	<u>\$ 48,097,330</u>	<u>\$ 2,562,814</u>	<u>\$ 80,771,945</u>	<u>\$ 20,679,549</u>	<u>\$ 21,011,681</u>	<u>\$ 12,415,042</u>	<u>\$ 185,538,361</u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2019

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**Total fund balances - governmental funds** \$ 162,810,798

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	509,268,636	
Accumulated depreciation	<u>(151,014,253)</u>	
Net		358,254,383

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:

(3,396,389)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements they are recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:

563,922

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	189,532,358	
Lease revenue bonds payable	32,552,772	
Certificates of participation payable	4,020,000	
Site lease agreement	745,000	
Energy efficiency financing	23,920,149	
Capital leases payable	283,726	
Redevelopment agency	600,000	
Compensated absences payable	3,297,104	
Early retirement incentives	4,900,764	
Other postemployment liabilities	<u>52,409,553</u>	
Total		(312,261,426)

The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.

(236,724,839)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported as follows:

Deferred outflows of resources	68,577,732	
Deferred inflows of resources	<u>(9,088,080)</u>	59,489,652

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	904,486	
Deferred inflows of resources	<u>(1,480,875)</u>	(576,389)

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:

59,448

**Total net position - governmental activities**

\$ 28,219,160

# JURUPA UNIFIED SCHOOL DISTRICT

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
LCFF sources	\$ 199,929,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,929,896
Federal sources	14,583,635	7,541,135	-	-	-	189,845	22,314,615
Other state sources	31,257,292	707,324	3,679	-	61,235	2,157,043	34,186,573
Other local sources	12,310,292	1,169,068	1,277,076	770,118	10,487,393	(3,167,465)	22,846,482
<b>Total Revenues</b>	<b>258,081,115</b>	<b>9,417,527</b>	<b>1,280,755</b>	<b>770,118</b>	<b>10,548,628</b>	<b>(820,577)</b>	<b>279,277,566</b>
<b>EXPENDITURES</b>							
Current:							
Instructional Services:							
Instruction	161,327,851	-	-	-	-	1,607,386	162,935,237
Instruction-Related Services:							
Supervision of instruction	9,492,018	-	-	-	-	331,141	9,823,159
Instructional library, media and technology	2,669,451	-	-	-	-	783	2,670,234
School site administration	14,235,025	-	-	-	-	496,256	14,731,281
Pupil Support Services:							
Home-to-school transportation	5,709,737	-	-	-	-	-	5,709,737
Food services	194,846	10,616,296	-	-	-	-	10,811,142
All other pupil services	13,181,649	-	-	-	-	50,861	13,232,510
General Administration Services:							
Data processing services	2,693,518	-	-	-	-	-	2,693,518
Other general administration	6,529,562	-	-	-	-	28,644	6,558,206
Plant services	22,353,969	-	433,243	88,813	-	197,137	23,073,162
Ancillary services	1,345,144	-	-	-	-	-	1,345,144
Enterprise activities	600,128	-	-	-	-	-	600,128
Transfers of indirect costs	(438,573)	404,788	-	-	-	33,785	-
Capital Outlay	1,178,132	-	22,896,653	3,086,917	-	-	27,161,702
Intergovernmental Transfers	1,132,647	-	-	-	-	-	1,132,647
Debt Service:							
Principal	985,065	-	-	1,120,000	7,230,000	540,000	9,875,065
Interest	940,221	-	-	1,491,420	5,216,575	172,337	7,820,553
Issuance costs	-	-	426,620	-	-	-	426,620
<b>Total Expenditures</b>	<b>244,130,390</b>	<b>11,021,084</b>	<b>23,756,516</b>	<b>5,787,150</b>	<b>12,446,575</b>	<b>3,458,330</b>	<b>300,600,045</b>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	13,950,725	(1,603,557)	(22,475,761)	(5,017,032)	(1,897,947)	(4,278,907)	(21,322,479)
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund transfers in	71,317	987,044	-	5,919,035	-	21,062	6,998,458
Interfund transfers out	(6,220,880)	-	(71,317)	-	-	(706,261)	(6,998,458)
Other transfers	-	-	11,820,040	-	-	(14,023,397)	(2,203,357)
Issuance of debt - general obligation bonds	-	-	48,360,000	-	-	-	48,360,000
Issuance of non-obligatory debt	-	-	-	2,434,343	-	7,301,494	9,735,837
Premiums on issuance of debt	-	-	-	-	5,482,305	-	5,482,305
<b>Total Other Financing Sources and Uses</b>	<b>(6,149,563)</b>	<b>987,044</b>	<b>60,108,723</b>	<b>8,353,378</b>	<b>5,482,305</b>	<b>(7,407,102)</b>	<b>61,374,785</b>
<b>Net Change in Fund Balances</b>	<b>7,801,162</b>	<b>(616,513)</b>	<b>37,632,962</b>	<b>3,336,346</b>	<b>3,584,358</b>	<b>(11,686,009)</b>	<b>40,052,306</b>
Fund Balances, July 1, 2018	26,140,690	728,920	38,504,117	17,202,565	17,427,323	22,754,877	122,758,492
<b>Fund Balances, June 30, 2019</b>	<b>\$ 33,941,852</b>	<b>\$ 112,407</b>	<b>\$ 76,137,079</b>	<b>\$ 20,538,911</b>	<b>\$ 21,011,681</b>	<b>\$ 11,068,868</b>	<b>\$ 162,810,798</b>

# 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, 2019

**Total net change in fund balances - governmental funds** \$ 40,052,306

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	27,537,868	
Depreciation expense	<u>(7,950,404)</u>	
Net		19,587,464

In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:

15,022

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

9,875,065

The issuance of long-term debt is reported in the governmental funds as a source of financing, but in the government-wide statements it is not reported in the statement of activities, but rather as a long-term liability in the statement of net position. Debt issued, net of issuance premiums, during the period was:

(53,842,305)

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

806,673

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:

(754,679)

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.

(872,254)

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:

(356,782)

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:

(11,877,886)

In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(4,426,582)

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:

(4,767,345)

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:

48,594

**Change in net position of governmental activities**

\$ (6,512,709)

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

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	Governmental Activities <u>Internal Service Fund</u>
<b>ASSETS</b>	
Cash	\$ 659,311
Accounts receivable	<u>919</u>
Total assets	<u>660,230</u>
<b>LIABILITIES</b>	
Accounts payable	82,401
Due to other funds	269,707
Estimated claims liability	<u>248,674</u>
Total liabilities	<u>600,782</u>
<b>NET POSITION</b>	
Restricted	<u><u>\$ 59,448</u></u>

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

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	Governmental Activities <hr/> Internal Service Fund <hr/>
<b>OPERATING REVENUES</b>	
In-District premiums	<u>\$ 600,000</u>
<b>OPERATING EXPENSES</b>	
Payments for claims and other operating expenses	<u>557,648</u>
Operating Income (Loss)	42,352
<b>NON-OPERATING REVENUE</b>	
Interest income	<u>6,242</u>
Change in net position	48,594
Net Position, July 1, 2018	<u>10,854</u>
Net Position, June 30, 2019	<u><u>\$ 59,448</u></u>

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

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	Governmental Activities <u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from self-insurance premiums	\$ 600,000
Cash paid for operating expenses	<u>(1,032,075)</u>
Net cash provided (used) by operating activities	(432,075)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>6,400</u>
Net increase in cash	(425,675)
Cash, July 1, 2018	<u>1,084,986</u>
Cash, June 30, 2019	<u>\$ 659,311</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 42,352
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable and estimated claims liability	<u>(474,427)</u>
Net cash provided (used) by operating activities	<u>\$ (432,075)</u>



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

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	Agency Funds		Trust Fund	Totals
	Student Body Funds	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund	
<b>ASSETS</b>				
Cash	\$ 739,324	\$ -	\$ 48,675	\$ 787,999
Investments	-	15,023,614	-	15,023,614
Accounts receivable	-	-	1,410	1,410
Inventories	28,860	-	-	28,860
Total assets	<u>\$ 768,184</u>	<u>\$ 15,023,614</u>	<u>50,085</u>	<u>15,841,883</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	1,000	1,000
Due to student groups	768,184	-	-	768,184
Due to bondholders	-	15,023,614	-	15,023,614
Total liabilities	<u>\$ 768,184</u>	<u>\$ 15,023,614</u>	<u>1,000</u>	<u>15,792,798</u>
<b>NET POSITION</b>				
Temporarily Restricted			<u>\$ 49,085</u>	<u>\$ 49,085</u>

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

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	Private-Purpose Trust Fund
<b>ADDITIONS</b>	
Interest	\$ 1,054
Other local sources	19,356
Total additions	<u>20,410</u>
<b>DEDUCTIONS</b>	
Materials and supplies	2,417
Other services & operating expenses	16,266
Total deductions	<u>18,683</u>
Change in net position	1,727
Net position, July 1, 2018	<u>47,358</u>
Net position, June 30, 2019	<u><u>\$ 49,085</u></u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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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 Jurupa Unified School District, this includes general operations, food service, and student related activities of the District.

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

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

The 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 government-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, 2019

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

#### B. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

###### **Government-Wide Financial Statements**

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

**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).

**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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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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)

##### Major Governmental Funds (continued)

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

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

##### Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

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

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

**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, 2019

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

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

###### Proprietary Funds

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

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

###### Fiduciary Funds

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

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

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

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

##### 2. Measurement Focus, Basis of Accounting

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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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)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### C. Budgetary Data

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

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

#### D. Encumbrances

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

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

##### 1. Cash and Cash Equivalents

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

##### 2. Inventories

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

##### 3. Capital Assets

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

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



# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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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)

##### 4. Unearned Revenue

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

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

##### 5. Deferred Outflows/Inflows of Resources

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

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

##### 6. Compensated Absences

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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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)

##### 8. Pensions

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

##### 9. Fund Balances

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

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

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

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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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. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

#### F. Minimum Fund Balance Policy

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### G. Property Tax Calendar

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

#### H. Use of Estimates

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

#### I. New GASB Pronouncements

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

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

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

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

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

**I. New GASB Pronouncements (continued)**

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

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

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

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

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

**J. Future Accounting Pronouncements**

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

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### J. Future Accounting Pronouncements (continued)

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

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

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2019

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

##### J. Future Accounting Pronouncements (continued)

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

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

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

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

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

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2019

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

**J. Future Accounting Pronouncements (continued)**

5. (continued)

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

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

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

**NOTE 2 – CASH AND INVESTMENTS**

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

	Rating	Governmental Activities			Fiduciary Funds
		Governmental Funds	Proprietary Fund	Total	
<b>Pooled Funds:</b>					
Cash in County Treasury		\$ 161,205,570	\$ 609,943	\$ 161,815,513	\$ 48,675
<b>Deposits:</b>					
Cash on hand and in banks		229,020	-	229,020	739,324
Cash in revolving fund		25,000	-	25,000	-
Cash with fiscal agent		-	49,368	49,368	-
Total Deposits		254,020	49,368	303,388	739,324
Total Cash		\$ 161,459,590	\$ 659,311	\$ 162,118,901	\$ 787,999
<b>Investments:</b>					
Invesco Short-Term Investments Trust Treasury Portfolio	AAAm	\$ 7,789,763	\$ -	\$ 7,789,763	\$ 15,023,614

**Pooled Funds**

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

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

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



# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### Custodial Credit Risk – Deposits

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

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

As of June 30, 2019, \$488,700 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

#### Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Board recognizes that the chief fiscal officer has fiduciary responsibility for any funds invested outside the county treasury and is subject to prudent investor standards for investment decisions. The investment objectives are to first safeguard the principal of the funds, then to meet liquidity needs, and third to achieve a return on the funds. Maturities of investments held at June 30, 2019 consist of the following:

	Fair Value	Maturity		Fair Value Measurement
		Less Than One Year	One Year Through Five Years	
Investment maturities:				
Invesco Short-Term Investments Trust Treasury Portfolio	\$ 22,813,377	\$ 22,813,377	\$ -	Level 2

#### Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2019, all investments represented 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, 2019, the District had the following investments that represent more than five percent of the District's net investments.

Invesco Short-Term Investments Trust Treasury Portfolio	100.0%
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# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### Fair Value Measurements

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

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

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

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

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

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

### NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Federal Government:								
Categorical aid programs	\$ 3,958,429	\$ 994,100	\$ -	\$ -	\$ 116,222	\$ 5,068,751	\$ -	\$ -
State Government:								
Lottery	914,708	-	-	-	-	914,708	-	-
Child nutrition	-	60,146	-	-	-	60,146	-	-
Special education	299,510	-	-	-	-	299,510	-	-
Other state resources	605,792	-	-	-	190,041	795,833	-	-
Local:								
Special education	1,349,196	-	-	-	-	1,349,196	-	-
Interest	152,538	-	524,140	99,756	27,239	803,673	919	1,410
Other	186,688	20,217	1,264	40,000	123,591	371,760	-	-
Total	\$ 7,466,861	\$ 1,074,463	\$ 525,404	\$ 139,756	\$ 457,093	\$ 9,663,577	\$ 919	\$ 1,410

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2019

**NOTE 4 – INTERFUND TRANSACTIONS**

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

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

	Due From Other Funds				Total
	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	
General Fund	\$ -	\$ 987,562	\$ -	\$ -	\$ 987,562
Cafeteria Fund	2,302,998	-	-	-	2,302,998
Building Fund	-	-	-	192,668	192,668
Special Reserve Fund for Capital Outlay Projects	-	-	57,800	-	57,800
Non-Major Governmental Funds	643,353	-	-	600,000	1,243,353
Self-Insurance Fund	269,707	-	-	-	269,707
<b>Total</b>	<b>\$ 3,216,058</b>	<b>\$ 987,562</b>	<b>\$ 57,800</b>	<b>\$ 792,668</b>	<b>\$ 5,054,088</b>

General Fund due to Cafeteria Special Revenue Fund for contributions and indirect costs	\$ 987,562
Adult Education Fund due to General Fund for repayment of temporary loan and indirect costs	283,785
Child Development Fund due to General Fund for repayment of temporary loan and indirect costs	359,568
Cafeteria Fund due to General Fund for direct and indirect charges	402,998
Cafeteria Fund due to Special Revenue Fund for Other Than Capital Outlay Projects Fund for temporary loan	1,900,000
Building Fund due to Special Reserve Fund for Capital Outlay Projects for construction reimbursement	192,668
County School Facilities Fund due to Special Reserve Fund for Capital Outlay Projects for construction reimbursement	600,000
Special Reserve Fund for Capital Outlay Projects due to Building Fund for construction reimbursement	57,800
Self Insurance Fund due to General Fund for liability claims	269,707
<b>Total</b>	<b>\$ 5,054,088</b>

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

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

	Interfund Transfers In				Total
	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ 987,044	\$ 5,212,774	\$ 21,062	\$ 6,220,880
Building Fund	71,317	-	-	-	71,317
Non-Major Governmental Funds	-	-	706,261	-	706,261
<b>Total</b>	<b>\$ 71,317</b>	<b>\$ 987,044</b>	<b>\$ 5,919,035</b>	<b>\$ 21,062</b>	<b>\$ 6,998,458</b>

General Fund transfer to the Adult Education Fund to move revenues to the appropriate program	\$ 8,662
General Fund transfer to the Child Development Fund to move revenues to the appropriate program	12,400
General Fund transfer to the Cafeteria Special Revenue Fund for contribution	987,044
General Fund transfer to Special Reserve Fund for Capital Outlay Projects for redevelopment funds received and building lease revenue	5,212,774
Building Fund transfer to the General Fund for reimbursement of California Clean Energy Projects	71,317
Capital Facilities Fund transfer to Special Reserve Fund for Capital Outlay Projects for capital outlay expenses	106,261
County School Facilities Fund transfer to Special Reserve Fund for Capital Outlay Projects for project reimbursement	600,000
<b>Total</b>	<b>\$ 6,998,458</b>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2019*

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**NOTE 5 – FUND BALANCES**

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>							
Revolving cash	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Stores inventories	17,833	112,407	-	-	-	-	130,240
Prepaid expenditures	1,441,103	-	-	-	-	-	1,441,103
<b>Total Nonspendable</b>	<b>1,483,936</b>	<b>112,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,596,343</b>
<b>Restricted:</b>							
Categorical programs	5,568,099	-	-	-	-	-	5,568,099
Child development programs	-	-	-	-	-	70,774	70,774
Adult education program	-	-	-	-	-	94,443	94,443
Capital projects	-	-	76,137,079	20,538,911	-	10,903,651	107,579,641
Debt service	-	-	-	-	21,011,681	-	21,011,681
<b>Total Restricted</b>	<b>5,568,099</b>	<b>-</b>	<b>76,137,079</b>	<b>20,538,911</b>	<b>21,011,681</b>	<b>11,068,868</b>	<b>134,324,638</b>
<b>Assigned:</b>							
Site discretionary carryover	517,829	-	-	-	-	-	517,829
Mgmt & conf H&W pool	101,806	-	-	-	-	-	101,806
Certificated H&W pool	806,293	-	-	-	-	-	806,293
Classified H&W pool	1,824,400	-	-	-	-	-	1,824,400
Safety	208,272	-	-	-	-	-	208,272
Kaiser grant	11,548	-	-	-	-	-	11,548
Site donations	260,067	-	-	-	-	-	260,067
LCAP carryover	18,534	-	-	-	-	-	18,534
Deferred maintenance	870,043	-	-	-	-	-	870,043
Other assignments	3,028,388	-	-	-	-	-	3,028,388
<b>Total Assigned</b>	<b>7,647,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,647,180</b>
<b>Unassigned:</b>							
Reserve for economic uncertainties	7,254,067	-	-	-	-	-	7,254,067
Remaining unassigned balances	11,988,570	-	-	-	-	-	11,988,570
<b>Total Unassigned</b>	<b>19,242,637</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,242,637</b>
<b>Total</b>	<b>\$ 33,941,852</b>	<b>\$ 112,407</b>	<b>\$ 76,137,079</b>	<b>\$ 20,538,911</b>	<b>\$ 21,011,681</b>	<b>\$ 11,068,868</b>	<b>\$ 162,810,798</b>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2019*

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**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2018	Additions	Decreases	Balance, June 30, 2019
Capital assets not being depreciated:				
Land	\$ 16,018,583	\$ -	\$ -	\$ 16,018,583
Construction in progress*	85,275,228	21,298,546	46,611,023	59,962,751
Total capital assets not being depreciated	<u>101,293,811</u>	<u>21,298,546</u>	<u>46,611,023</u>	<u>75,981,334</u>
Capital assets being depreciated:				
Improvements to sites	28,103,242	1,132,898	-	29,236,140
Buildings	328,278,263	46,357,844	198,302	374,437,805
Equipment	24,477,255	5,374,625	238,523	29,613,357
Total capital assets being depreciated	<u>380,858,760</u>	<u>52,865,367</u>	<u>436,825</u>	<u>433,287,302</u>
Accumulated depreciation for:				
Improvements to sites	(18,463,962)	(266,799)	-	(18,730,761)
Buildings	(110,230,430)	(6,381,526)	(198,302)	(116,413,654)
Equipment	(14,806,282)	(1,302,079)	(238,523)	(15,869,838)
Total accumulated depreciation	<u>(143,500,674)</u>	<u>(7,950,404)</u>	<u>(436,825)</u>	<u>(151,014,253)</u>
Total capital assets being depreciated, net	<u>237,358,086</u>	<u>44,914,963</u>	<u>-</u>	<u>282,273,049</u>
Governmental activity capital assets, net	<u>\$ 338,651,897</u>	<u>\$ 66,213,509</u>	<u>\$ 46,611,023</u>	<u>\$ 358,254,383</u>

\* Restated beginning balance from 7/1/2018 by \$1,285,302 (increase) to recognize additional construction in progress at June 30, 2018.

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

Instruction	\$ 5,768,855
Instruction Supervision and Administration	13,571
Instruction Library, Media and Technology	248,681
School Site Administration	188,127
Food Services	72,622
All Other Pupil Services	158,211
Ancillary Services	170,944
All Other General Administration	57,884
Centralized Data Processing	101,595
Plant Services	<u>1,169,914</u>
Total	<u>\$ 7,950,404</u>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2019*

**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS**

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

	Balance July 1, 2018	Additions	Deductions	Balance, June 30, 2019	Amount Due in One Year
<b>General Obligation Bonds:</b>					
Bond principal	\$ 124,587,972	\$ 48,360,000	\$ 7,230,000	\$ 165,717,972	\$ 6,605,000
Accreted interest component	7,466,839	745,333	-	8,212,172	-
Unamortized issuance premium	10,838,472	5,482,305	718,563	15,602,214	868,250
Sub-Total GO Bonds	<u>142,893,283</u>	<u>54,587,638</u>	<u>7,948,563</u>	<u>189,532,358</u>	<u>7,473,250</u>
<b>Lease Revenue Bonds:</b>					
Bond principal	29,988,476	-	-	29,988,476	-
Accreted interest component	344,776	126,921	-	471,697	-
Unamortized issuance premium	2,180,709	-	88,110	2,092,599	88,110
Sub-Total Lease Revenue Bonds	<u>32,513,961</u>	<u>126,921</u>	<u>88,110</u>	<u>32,552,772</u>	<u>88,110</u>
Certificates of Participation	4,560,000	-	540,000	4,020,000	570,000
Capital Leases	370,168	-	86,442	283,726	76,222
Redevelopment Agency	800,000	-	200,000	600,000	200,000
Compensated Absences	2,940,322	356,782	-	3,297,104	-
Early Retirement Incentives	133,419	4,900,764	133,419	4,900,764	980,153
Other Postemployment Benefits	49,637,436	6,722,206	3,950,089	52,409,553	-
<b>Direct Borrowings and Direct Placements:</b>					
Site Lease Agreement	1,095,000	-	350,000	745,000	365,000
Energy Efficiency Financing	25,388,772	-	1,468,623	23,920,149	1,637,800
<b>Total</b>	<u><u>\$ 260,332,361</u></u>	<u><u>\$ 66,694,311</u></u>	<u><u>\$ 14,765,246</u></u>	<u><u>\$ 312,261,426</u></u>	<u><u>\$ 11,390,535</u></u>

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

**A. General Obligation Bonds**

**Election of 2001**

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

**Election of 2014**

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2019

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

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

**Refunding Bonds**

In prior years, the District has issued refunding bonds. The net proceeds of the refunding bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$602,775 remain to be amortized as of June 30, 2019. All principal amounts on the defeased debt have been paid in full.

**Summary of Outstanding Bonds**

Following is a summary of bonds issued by the District and outstanding as of June 30, 2019:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2018	Issuances	Payments	Balance, June 30, 2019
<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	21,640,000	-	240,000	21,400,000
2017B	1/26/2017	8/1/2041	4.00% - 5.00%	65,640,000	65,640,000	-	4,000,000	61,640,000
2019C	2/7/2019	8/1/2043	4.00% - 5.25%	48,360,000	-	48,360,000	-	48,360,000
<b>Refunding Bonds</b>								
2011 Refi.	11/2/2011	8/1/2022	2.00% - 5.00%	20,295,000	11,860,000	-	1,925,000	9,935,000
2012 Refi.	11/28/2012	8/1/2028	2.625% - 5.000%	25,200,000	20,525,000	-	1,065,000	19,460,000
				<u>\$ 220,292,972</u>	<u>\$ 124,587,972</u>	<u>\$ 48,360,000</u>	<u>\$ 7,230,000</u>	<u>\$ 165,717,972</u>

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

Fiscal Year	Principal	Interest	Total
2019-20	\$ 6,605,000	\$ 7,120,392	\$ 13,725,392
2020-21	5,585,000	6,869,450	12,454,450
2021-22	6,055,000	6,579,800	12,634,800
2022-23	4,685,000	6,313,000	10,998,000
2023-24	3,253,555	8,601,995	11,855,550
2024-29	26,039,417	40,360,258	66,399,675
2029-34	20,245,000	23,874,125	44,119,125
2034-39	36,585,000	16,995,575	53,580,575
2039-44	56,665,000	6,707,538	63,372,538
Total	<u>\$ 165,717,972</u>	<u>\$ 123,422,133</u>	<u>\$ 289,140,105</u>

**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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### B. Lease Revenue Bonds (continued)

Future payments are as follows:

Fiscal Year	Principal	Interest	Total
2019-20	\$ -	\$ 1,283,050	\$ 1,283,050
2020-21	65,000	1,281,750	1,346,750
2021-22	135,000	1,277,750	1,412,750
2022-23	215,000	1,270,750	1,485,750
2023-24	295,000	1,259,075	1,554,075
2024-29	3,050,000	5,934,750	8,984,750
2029-34	6,570,000	4,865,575	11,435,575
2034-39	8,181,462	6,420,376	14,601,838
2039-43	11,477,014	2,944,986	14,422,000
Total	\$ 29,988,476	\$ 26,538,062	\$ 56,526,538

#### 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 (\$38,853) remain to be amortized. As of June 30, 2019, 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, 2019 were as follows:

Fiscal Year	Principal	Interest	Total
2019-20	\$ 570,000	\$ 153,587	\$ 723,587
2020-21	605,000	131,513	736,513
2021-22	645,000	106,512	751,512
2022-23	690,000	79,381	769,381
2023-24	730,000	49,638	779,638
2024-25	780,000	17,062	797,062
Total	\$ 4,020,000	\$ 537,693	\$ 4,557,693



# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### D. Capital Leases

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

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Lease Payment</u>
2019-20	\$ 89,932
2020-21	89,255
2021-22	89,254
2022-23	<u>44,627</u>
Total	313,068
Less Amount Representing Interest	<u>(29,342)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 283,726</u></u>

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

#### E. Redevelopment Agency

On February 21, 2007, the District entered into a contract with the redevelopment agency. The contract is for the building of a new stadium at Rubidoux High School. The agreement called for the agency to provide up to \$5 million to the District on a reimbursement basis. \$3 million of the loan is being repaid in annual installments of \$200,000, beginning June 15, 2008. The remaining \$2 million will be repaid from incremental pass through funds received by the District from the Agency that exceed the amount received in fiscal year 2005-2006. As of June 30, 2019, \$600,000 was the outstanding balance on this obligation.

#### F. Early Retirement Incentives

The District has entered into various agreements for early retirement incentives for eligible employees. Eligibility requirements are that certificated employees must have 5 years of service with the District and must be 55 years of age or have 30 years of service and be age 50. 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, 2019, the following payments remain outstanding:

<u>Fiscal Year</u>	<u>Payment</u>
2019-20	\$ 980,153
2020-21	980,153
2021-22	980,152
2022-23	980,153
2023-24	<u>980,153</u>
Total	<u><u>\$ 4,900,764</u></u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

#### G. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$96,975,000 as of June 30, 2019, does not represent debt of the District and, as such, does not appear in the financial statements.

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

For the fiscal year ended June 30, 2019, 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	\$ 51,287,206	\$ 904,486	\$ 1,480,875	\$ 6,648,983
MPP Program	1,122,347	-	-	(128,213)
Total	<u>\$ 52,409,553</u>	<u>\$ 904,486</u>	<u>\$ 1,480,875</u>	<u>\$ 6,520,770</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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

##### **Benefits Provided**

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

##### Certificated Employees

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

The District is contractually obligated to make a flat contribution into a Certificated employee pool which is used to pay the costs for health benefits for Certificated employees. Any shortfall is paid by the Certificated employees in the pool through surcharges. The annual District contribution is \$11,150 negotiated cap per eligible employee. The retired employees pay the same surcharge for their coverage as the active employees.

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2019*

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

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

**District Plan (continued)**

***Benefits Provided (continued)***

Classified Employees

The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage through age 65 or eligibility for Medicare subject to an annual maximum benefit allotment. For the fiscal year ending June 30, 2019, the annual district contribution is \$11,150 negotiated cap per eligible employee. The retiree pays for any amounts above the District contribution cap. The District contribution cap is pro-rated for Classified part-time employees. Spouse & dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires reaching normal retirement eligibility under PERS with at least 10 years of service.

Management Employees

The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage through age 65 or eligibility for Medicare subject to an annual District contribution cap (currently \$11,150). 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	182
Active employees	1,830
Total	<u>2,012</u>

***Total OPEB Liability***

The District's total OPEB liability of \$51,287,206 for the Plan was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

##### District Plan (continued)

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

The total OPEB liability in the December 31, 2017 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, 2017
Inflation	2.75 percent
Salary increases	3.00 percent
Discount rate	3.80 percent
	6.50% HMO/6.50% PPO decreasing to
Healthcare cost trend rates	5.00% HMO/5.00% PPO
Retirees' share of benefit-related costs	Annual maximum benefit of \$11,150. Retiree pays for any amount above annual maximum benefit.

##### **Discount Rate**

The discount rate is 3.80 percent. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

##### **Mortality Rates**

Mortality rates are based on the rates used by the 6/30/2017 CalPERS pension valuation and the 6/30/2015 STRS pension valuation.

##### **Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at January 1, 2018</b>	<u>\$ 48,386,876</u>
<b>Changes for the year:</b>	
Service cost	3,162,169
Interest	1,691,815
Changes of benefit terms	1,868,222
Changes of assumptions	(1,727,687)
Benefit payments	<u>(2,094,189)</u>
Net changes	2,900,330
<b>Balance at December 31, 2018</b>	<u><u>\$ 51,287,206</u></u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

##### District Plan (continued)

##### ***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

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

Discount Rate	OPEB Liability
1% decrease (2.80%)	\$ 55,354,512
Current discount rate (3.80%)	\$ 51,287,206
1% increase (4.80%)	\$ 47,524,045

##### ***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 (5.50% decreasing to 4.00%)	\$ 45,767,917
Current rate (6.50% decreasing to 5.00%)	\$ 51,287,206
1% increase (7.50% decreasing to 6.00%)	\$ 57,739,651

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$6,648,983. In addition, at June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 1,480,875
District contributions subsequent to the measurement date of the total OPEB liability	904,486	-
Total	<u>\$ 904,486</u>	<u>\$ 1,480,875</u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

##### District Plan (continued)

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

The deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year. The deferred inflows of resources related to changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows/(Inflows)
2020	\$ (246,812)
2021	(246,812)
2022	(246,812)
2023	(246,812)
2024	(246,812)
Thereafter	(246,812)
Total	<u>\$ (1,480,872)</u>

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

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

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/actuarial-financial-and-investor-information>.

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

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

###### **Benefits Provided (continued)**

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

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

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

At June 30, 2019, the District reported a liability of \$1,122,347 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2018, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2019</u>	<u>Fiscal Year Ending June 30, 2018</u>	
Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
Proportion of the Net OPEB Liability	0.293218%	0.297251%	-0.004033%

For the year ended June 30, 2019, the District reported OPEB expense of \$(128,213).

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

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

###### *Actuarial Assumptions and Other Inputs (continued)*

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459, or an average of 0.27 percent of the potentially eligible population (171,593).

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

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

###### *Discount Rate*

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

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

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

	Discount Rate	MPP OPEB Liability
1% decrease (2.87%)	\$	1,241,370
Current discount rate (3.87%)	\$	1,122,347
1% increase (4.87%)	\$	1,014,874



# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

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

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 1,023,465
Current rate (3.7% Part A and 4.1% Part B)	\$ 1,122,347
1% increase (4.7% Part A and 5.1% Part B)	\$ 1,228,688

#### I. Direct Borrowings and Direct Placements

##### **Site Lease Agreement**

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

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

Fiscal Year	Principal	Interest	Total
2019-20	\$ 365,000	\$ 30,917	\$ 395,917
2020-21	380,000	15,770	395,770
Total	\$ 745,000	\$ 46,687	\$ 791,687

##### **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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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

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

##### Energy Efficiency Financing (continued)

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

Future payments due under the agreements are as follows:

Fiscal Year	Principal	Interest	Total
2019-20	\$ 1,637,800	\$ 830,783	\$ 2,468,583
2020-21	1,810,627	770,954	2,581,581
2021-22	1,995,071	704,859	2,699,930
2022-23	2,235,484	631,512	2,866,996
2023-24	2,457,581	549,766	3,007,347
2024-29	10,186,500	1,396,007	11,582,507
2029-34	2,848,989	473,137	3,322,126
2034-39	748,097	21,953	770,050
Total	\$ 23,920,149	\$ 5,378,971	\$ 29,299,120

### NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 171,370,171	\$ 48,100,365	\$ 9,088,080	\$ 24,797,631
CalPERS	65,354,668	20,477,366	-	13,668,858
Total	\$ 236,724,839	\$ 68,577,732	\$ 9,088,080	\$ 38,466,489

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

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

##### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/actuarial-financial-and-investor-information>.

##### Benefits Provided

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

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

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.28%	16.28%
Required State Contribution Rate	9.828%	9.828%

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2019*

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**NOTE 8 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS)**

**Contributions**

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

The contribution rates for each program for the year ended June 30, 2019, are presented above and the District’s total contributions were \$17,082,216.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of net pension liability	\$	171,370,171
State’s proportionate share of the net pension liability associated with the District		<u>98,117,438</u>
Total	\$	<u><u>269,487,609</u></u>

The net pension liability was measured as of June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2019</u>	<u>Fiscal Year Ending June 30, 2018</u>	
Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
Proportion of the Net Pension Liability	0.186460%	0.186764%	-0.000304%

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2019

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**NOTE 8 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

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

For the year ended June 30, 2019, the District recognized pension expense of \$24,797,631. In addition, the District recognized pension expense and revenue of \$3,345,784 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 17,082,216	\$ -
Net change in proportionate share of net pension liability	3,863,919	-
Difference between projected and actual earnings on pension plan investments	-	6,598,834
Changes of assumptions	26,622,818	-
Differences between expected and actual experience	531,412	2,489,246
Total	<u>\$ 48,100,365</u>	<u>\$ 9,088,080</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/(Inflows) of Resources
2020	\$ 7,148,053
2021	4,673,724
2022	170,705
2023	4,612,192
2024	5,553,122
Thereafter	(227,727)
Total	<u>\$ 21,930,069</u>

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

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

##### Actuarial Methods and Assumptions

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

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

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

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

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

##### Discount Rate

The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 251,037,247
Current discount rate (7.10%)	171,370,171
1% increase (8.10%)	105,318,435

##### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions of \$2,246,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$15,642,756.

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

##### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – 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, 2019, are summarized as follows:

	<b>Schools Pool (CalPERS)</b>	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.50%
Required Employer Contribution Rate	18.062%	18.062%

##### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$6,248,115.



# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

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

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$65,354,668. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.245112%	0.245579%	-0.000466%

For the year ended June 30, 2019, the District recognized pension expense of \$13,668,858. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,248,115	\$ -
Net change in proportionate share of net pension liability	2,883,408	-
Difference between projected and actual earnings on pension plan investments	536,055	-
Changes of assumptions	6,525,375	-
Differences between expected and actual experience	4,284,413	-
Total	<u>\$ 20,477,366</u>	<u>\$ -</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 4 years.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 8,379,155
2021	6,273,627
2022	(15,644)
2023	(407,887)
2024	-
Thereafter	-
Total	<u>\$ 14,229,251</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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

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

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

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

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

##### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 95,153,271
Current discount rate (7.15%)	65,354,668
1% increase (8.15%)	40,632,461

##### On-Behalf Payments

The State of California normally makes no contributions to CalPERS on behalf of the District. However, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated contributions of \$904,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$2,215,816.

#### 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.

# JURUPA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

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### NOTE 8 – PENSION PLANS (continued)

#### D. Payables to the Pension Plans

At June 30, 2019, the District reported payables of \$80,205 and \$57,296 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2019.

### NOTE 9 – JOINT VENTURES

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

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

Condensed financial information is as follows:

	REEP Audited June 30, 2018	RSRMA Unaudited June 30, 2018
Assets	\$ 27,424,687	\$ 16,128,877
Liabilities	8,440,298	4,947,291
Net Position	<u>\$ 18,984,389</u>	<u>\$ 11,181,586</u>
Revenues	\$ 194,279,283	\$ 41,975,508
Expenditures	191,449,025	41,058,351
Operating Income (loss)	2,830,258	917,157
Non-Operating Income	223,849	95,660
Change in Net Position	<u>\$ 3,054,107</u>	<u>\$ 1,012,817</u>

### NOTE 10 – RISK MANAGEMENT

#### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, 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.

## JURUPA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2019

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#### NOTE 10 – RISK MANAGEMENT (continued)

##### Workers' Compensation

For fiscal year 2019, the District participated in the RSRMA public entity risk pool for workers compensation coverage, with excess coverage provided by the PIPS public entity risk pool.

##### Employee Medical Benefits

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

##### Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

Liability Balance, July 1, 2017	\$	340,041
Claims and changes in estimates		1,035,412
Claims payments		<u>(1,069,495)</u>
Liability Balance, June 30, 2018		305,958
Claims and changes in estimates		500,364
Claims payments		<u>(557,648)</u>
Liability Balance, June 30, 2019	\$	<u>248,674</u>
Assets available to pay claims at June 30, 2019	\$	<u>660,230</u>

#### NOTE 11 – COMMITMENTS AND CONTINGENCIES

##### A. State and Federal Allowances, Awards, and Grants

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

##### B. Litigation

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

##### C. Construction Commitments

As of June 30, 2019, the District had commitments with respect to unfinished capital projects of approximately \$46.2 million to be paid from a combination of State and local funds.

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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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
LCFF sources	\$ 198,083,058	\$ 199,929,896	\$ 199,929,896	\$ 0
Federal sources	13,518,288	14,788,058	14,583,635	(204,423)
Other state sources	24,328,264	23,185,932	31,257,292	8,071,360
Other local sources	8,707,857	12,298,983	12,293,409	(5,574)
<b>Total Revenues</b>	<b>244,637,467</b>	<b>250,202,869</b>	<b>258,064,232</b>	<b>7,861,363</b>
<b>Expenditures</b>				
Current:				
Certificated salaries	103,637,800	106,933,427	106,933,320	107
Classified salaries	34,739,041	36,553,563	36,553,387	176
Employee benefits	58,083,123	57,224,888	65,772,952	(8,548,064)
Books and supplies	9,844,576	8,084,452	7,299,598	784,854
Services and operating expenditures	25,503,199	22,890,100	22,857,475	32,625
Capital outlay	1,321,000	1,554,301	1,554,298	3
Other outgo	3,310,114	3,597,933	2,072,868	1,525,065
Transfers of indirect costs	(270,000)	(438,573)	(438,573)	-
Debt Service	-	-	1,525,065	(1,525,065)
<b>Total Expenditures</b>	<b>236,168,853</b>	<b>236,400,091</b>	<b>244,130,390</b>	<b>(7,730,299)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,468,614	13,802,778	13,933,842	131,064
<b>Other Financing Sources and Uses</b>				
Interfund transfers in	-	71,317	71,317	-
Interfund transfers out	(4,700,000)	(6,220,608)	(6,220,880)	(272)
<b>Total Other Financing Sources and Uses</b>	<b>(4,700,000)</b>	<b>(6,149,291)</b>	<b>(6,149,563)</b>	<b>(272)</b>
Net Change in Fund Balances	3,768,614	7,653,487	7,784,279	130,792
Fund Balance, July 1, 2018	20,527,149	24,239,494	24,239,494	-
Fund Balance, June 30, 2019	<u>\$ 24,295,763</u>	<u>\$ 31,892,981</u>	32,023,773	<u>\$ 130,792</u>

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

Special Revenue Fund for Other Than Capital Outlay 1,918,079

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

\$ 33,941,852



**JURUPA UNIFIED SCHOOL DISTRICT**  
*Budgetary Comparison Schedule – Cafeteria Fund*  
*For the Fiscal Year Ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget - Pos (Neg)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
LCFF sources	\$ -	\$ -	\$ -	\$ -
Federal sources	7,700,000	7,541,135	7,541,135	-
Other state sources	745,000	534,224	707,324	173,100
Other local sources	1,510,000	1,169,068	1,169,068	-
<b>Total Revenues</b>	<b>9,955,000</b>	<b>9,244,427</b>	<b>9,417,527</b>	<b>173,100</b>
<b>Expenditures</b>				
Current:				
Certificated salaries	-	6,311	6,311	-
Classified salaries	3,496,822	3,551,196	3,551,196	-
Employee benefits	1,594,942	1,712,364	1,885,464	(173,100)
Books and supplies	4,256,000	5,101,815	5,101,815	-
Services and operating expenditures	158,980	71,510	71,510	-
Capital outlay	35,000	-	-	-
Other outgo	197,721	-	-	-
Transfers of indirect costs	270,000	404,788	404,788	-
<b>Total Expenditures</b>	<b>10,009,465</b>	<b>10,847,984</b>	<b>11,021,084</b>	<b>(173,100)</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(54,465)	(1,603,557)	(1,603,557)	-
<b>Other Financing Sources and Uses</b>				
Interfund transfers in	-	987,044	987,044	-
<b>Net Change in Fund Balances</b>	<b>(54,465)</b>	<b>(616,513)</b>	<b>(616,513)</b>	<b>-</b>
Fund Balance, July 1, 2018	1,478,573	728,920	728,920	-
<b>Fund Balance, June 30, 2019</b>	<b>\$ 1,424,108</b>	<b>\$ 112,407</b>	<b>\$ 112,407</b>	<b>\$ -</b>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year Ended June 30, 2019*

	<i>Last Ten Fiscal Years*</i>				
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
<b>CalSTRS</b>					
District's proportion of the net pension liability	<u>0.1865%</u>	<u>0.1868%</u>	<u>0.1883%</u>	<u>0.1850%</u>	<u>0.1770%</u>
District's proportionate share of the net pension liability	<u>\$ 171,370,171</u>	<u>\$ 172,718,949</u>	<u>\$ 152,056,280</u>	<u>\$ 124,549,400</u>	<u>\$ 103,433,490</u>
State's proportionate share of the net pension liability associated with the District	<u>98,117,438</u>	<u>102,179,071</u>	<u>86,575,672</u>	<u>65,872,726</u>	<u>62,458,234</u>
Totals	<u>\$ 269,487,609</u>	<u>\$ 274,898,019</u>	<u>\$ 238,631,952</u>	<u>\$ 190,422,126</u>	<u>\$ 165,891,724</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>	<u>\$ 78,695,612</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>169.51%</u>	<u>173.13%</u>	<u>160.22%</u>	<u>145.14%</u>	<u>131.43%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
<b>CalPERS</b>					
District's proportion of the net pension liability	<u>0.2451%</u>	<u>0.2456%</u>	<u>0.2434%</u>	<u>0.2205%</u>	<u>0.2129%</u>
District's proportionate share of the net pension liability	<u>\$ 65,354,668</u>	<u>\$ 58,626,120</u>	<u>\$ 48,071,651</u>	<u>\$ 32,501,918</u>	<u>\$ 24,169,334</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>	<u>\$ 33,850,280</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>200.04%</u>	<u>183.86%</u>	<u>164.50%</u>	<u>91.33%</u>	<u>71.40%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</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*  
*For the Fiscal Year Ended June 30, 2019*

	<i>Last Ten Fiscal Years*</i>				
	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 17,082,216	\$ 14,588,392	\$ 12,550,166	\$ 10,183,313	\$ 7,619,979
Contributions in relation to the contractually required contribution	<u>17,082,216</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 104,927,618</u>	<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>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 6,248,115	\$ 5,074,074	\$ 4,428,301	\$ 3,462,131	\$ 4,188,797
Contributions in relation to the contractually required contribution	<u>6,248,115</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 34,592,600</u>	<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>18.062%</u>	<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, 2019*

Last 10 Fiscal Years\*

	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 3,162,169	\$ 3,059,671
Interest	1,691,815	1,600,743
Changes of benefit terms	1,868,222	-
Changes of assumptions	(1,727,687)	-
Benefit payments	(2,094,189)	(1,994,466)
<b>Net change in total OPEB liability</b>	<u>2,900,330</u>	<u>2,665,948</u>
<b>Total OPEB liability - beginning</b>	48,386,876	45,720,928
<b>Total OPEB liability - ending</b>	<u><u>\$ 51,287,206</u></u>	<u><u>\$ 48,386,876</u></u>
<b>Covered-employee payroll</b>	<u>\$ 102,297,000</u>	<u>\$ 102,297,000</u>
<b>Total OPEB liability as a percentage of covered- employee payroll</b>	<u>50.14%</u>	<u>47.30%</u>

**Notes to Schedule:**

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

**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, 2019*

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	<u>2018</u>	<u>2017</u>
District's proportion of net OPEB liability	<u>0.2932%</u>	<u>0.2973%</u>
District's proportionate share of net OPEB liability	<u>\$ 1,122,347</u>	<u>\$ 1,250,560</u>
Covered-employee payroll	<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>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.40%</u>	<u>0.01%</u>

**Notes to Schedule:**

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

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2019*

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

**Schedule of District Contributions**

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

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

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

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

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

**JURUPA UNIFIED SCHOOL DISTRICT**

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2019*

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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.

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

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

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***Supplementary Information***

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**JURUPA UNIFIED SCHOOL DISTRICT**  
*Local Educational Agency Organization Structure*  
*June 30, 2019*

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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 (which opened in 2018-19), three comprehensive high schools for grades 9-12, one continuation high school, and a Learning Center that houses a community day school, 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, 2022
Silvia Ortega	Clerk	December, 2020
Linda Chard	Member	December, 2020
Karen Bradford	Member	December, 2022
Melissa Ragole	Member	December, 2022

**DISTRICT ADMINISTRATORS**

Elliott Duchon,  
*Superintendent*

Daniel Brooks,  
*Assistant Superintendent, Personnel Services*

Dr. Trent Hansen,  
*Assistant Superintendent, Planning & Development*

Dave Doubravsky,  
*Assistant Superintendent, Education Services*

Paula Ford,  
*Assistant Superintendent, Business Services*

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Balance Sheet – Non-Major Funds*  
*June 30, 2019*

	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Debt Service Fund	Total
<b>ASSETS</b>							
Cash	\$ 194,193	\$ 327,144	\$ 2,706,633	\$ 940,216	\$ -	\$ -	\$ 4,168,186
Investments	-	-	-	-	7,789,763	-	7,789,763
Accounts receivable	199,118	181,835	70,192	5,948	-	-	457,093
Total Assets	<u>\$ 393,311</u>	<u>\$ 508,979</u>	<u>\$ 2,776,825</u>	<u>\$ 946,164</u>	<u>\$ 7,789,763</u>	<u>\$ -</u>	<u>\$ 12,415,042</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 15,083	\$ 35,231	\$ 9,101	\$ -	\$ -	\$ -	\$ 59,415
Due to other funds	283,785	359,568	-	600,000	-	-	1,243,353
Unearned revenues	-	43,406	-	-	-	-	43,406
Total Liabilities	<u>298,868</u>	<u>438,205</u>	<u>9,101</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>1,346,174</u>
<b>Fund Balances</b>							
Restricted	94,443	70,774	2,767,724	346,164	7,789,763	-	11,068,868
Total Fund Balances	<u>94,443</u>	<u>70,774</u>	<u>2,767,724</u>	<u>346,164</u>	<u>7,789,763</u>	<u>-</u>	<u>11,068,868</u>
Total Liabilities and Fund Balances	<u>\$ 393,311</u>	<u>\$ 508,979</u>	<u>\$ 2,776,825</u>	<u>\$ 946,164</u>	<u>\$ 7,789,763</u>	<u>\$ -</u>	<u>\$ 12,415,042</u>

## JURUPA UNIFIED SCHOOL DISTRICT

### Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds For the Fiscal Year Ended June 30, 2019

	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Debt Service Fund	Total
<b>REVENUES</b>							
Federal sources	\$ 189,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,845
Other state sources	1,073,784	1,083,259	-	-	-	-	2,157,043
Other local sources	15,782	265,589	(3,783,948)	20,777	232,554	81,781	(3,167,465)
Total Revenues	1,279,411	1,348,848	(3,783,948)	20,777	232,554	81,781	(820,577)
<b>EXPENDITURES</b>							
Current:							
Instruction	667,427	939,959	-	-	-	-	1,607,386
Instruction-related services							
Supervision of instruction	3	331,138	-	-	-	-	331,141
Instructional library, media and technology	228	555	-	-	-	-	783
School site administration	496,256	-	-	-	-	-	496,256
Pupil Services							
All other pupil services	20,853	30,008	-	-	-	-	50,861
All other general administration	-	-	28,644	-	-	-	28,644
Plant services	-	-	197,137	-	-	-	197,137
Transfers of indirect costs	33,785	-	-	-	-	-	33,785
Debt Service:							
Principal	-	-	-	-	-	540,000	540,000
Interest	-	-	-	-	-	172,337	172,337
Total Expenditures	1,218,552	1,301,660	225,781	-	-	712,337	3,458,330
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	60,859	47,188	(4,009,729)	20,777	232,554	(630,556)	(4,278,907)
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund transfers in	8,662	12,400	-	-	-	-	21,062
Interfund transfers out	-	-	(106,261)	(600,000)	-	-	(706,261)
Other transfers	-	-	-	-	(14,023,397)	-	(14,023,397)
Proceeds from non-obligatory debt	-	-	-	-	7,301,494	-	7,301,494
Total Other Financing Sources and Uses	8,662	12,400	(106,261)	(600,000)	(6,721,903)	-	(7,407,102)
Net Change in Fund Balances	69,521	59,588	(4,115,990)	(579,223)	(6,489,349)	(630,556)	(11,686,009)
Fund Balances, July 1, 2018	24,922	11,186	6,883,714	925,387	14,279,112	630,556	22,754,877
Fund Balances, June 30, 2019	\$ 94,443	\$ 70,774	\$ 2,767,724	\$ 346,164	\$ 7,789,763	\$ -	\$ 11,068,868

See accompanying note to supplementary information.

**JURUPA UNIFIED SCHOOL DISTRICT***Combining Statement of Fiduciary Net Position- ASBs**June 30, 2019*

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	<u>Jurupa Valley High</u>	<u>Patriot High</u>	<u>Rubidoux High</u>	<u>Nueva Vista High</u>	<u>Jurupa Middle</u>	<u>Mira Loma Middle</u>	<u>Mission Middle</u>	<u>Total</u>
<b>ASSETS</b>								
Cash	\$ 207,668	\$ 316,892	\$ 105,291	\$ 401	\$ 67,220	\$ 21,590	\$ 20,262	\$ 739,324
Inventories	1,611	16,886	10,363	-	-	-	-	28,860
Total assets	<u>\$ 209,279</u>	<u>\$ 333,778</u>	<u>\$ 115,654</u>	<u>\$ 401</u>	<u>\$ 67,220</u>	<u>\$ 21,590</u>	<u>\$ 20,262</u>	<u>\$ 768,184</u>
<b>LIABILITIES</b>								
Due to student groups	\$ 209,279	\$ 333,778	\$ 115,654	\$ 401	\$ 67,220	\$ 21,590	\$ 20,262	\$ 768,184
Total liabilities	<u>\$ 209,279</u>	<u>\$ 333,778</u>	<u>\$ 115,654</u>	<u>\$ 401</u>	<u>\$ 67,220</u>	<u>\$ 21,590</u>	<u>\$ 20,262</u>	<u>\$ 768,184</u>

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

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	<b>Second Period Report</b>	<b>Annual Report</b>
	Certificate No. (469CCA1C)	Certificate No. (1610CEF7)
<b>Regular ADA:</b>		
TK/K-3	5,654.79	5,655.90
Grades 4-6	4,276.37	4,282.41
Grades 7-8	2,890.50	2,887.88
Grades 9-12	5,550.14	5,502.98
	<hr/>	<hr/>
Total Regular ADA	18,371.80	18,329.17
	<hr/>	<hr/>
<b>Special Education - Nonpublic, Nonsectarian Schools:</b>		
TK/K-3	29.05	28.76
Grades 4-6	12.43	12.02
Grades 7-8	2.66	3.06
Grades 9-12	9.27	9.85
	<hr/>	<hr/>
Total Special Education, Nonpublic, Nonsectarian Schools	53.41	53.69
	<hr/>	<hr/>
Total ADA	18,425.21	18,382.86
	<hr/> <hr/>	<hr/> <hr/>

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

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<u>Grade Level</u>	<u>Required Minutes</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Traditional Calendar Days</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	Complied
Grade 1	50,400	52,800	180	Complied
Grade 2	50,400	52,800	180	Complied
Grade 3	50,400	52,800	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	54,000	180	Complied
Grade 7	54,000	54,160	180	Complied
Grade 8	54,000	58,340	180	Complied
Grade 9	64,800	64,918	180	Complied
Grade 10	64,800	64,918	180	Complied
Grade 11	64,800	64,918	180	Complied
Grade 12	64,800	64,918	180	Complied

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

General Fund	(Budget) 2020 <sup>2</sup>	2019 <sup>3</sup>	2018	2017
Revenues and other financing sources	\$ 242,482,282	\$ 258,135,549	\$ 230,747,953	\$ 228,446,680
Expenditures	239,786,315	244,130,390	222,842,164	221,893,281
Other uses and transfers out	692,848	6,220,880	7,584,379	8,151,852
Total outgo	240,479,163	250,351,270	230,426,543	230,045,133
Change in fund balance (deficit)	2,003,119	7,784,279	321,410	(1,598,453)
Ending fund balance	\$ 34,026,892	\$ 32,023,773	\$ 24,239,494	\$ 23,918,084
Available reserves <sup>1</sup>	\$ 21,426,066	\$ 19,242,637	\$ 7,049,852	\$ 6,904,522
Available reserves as a percentage of total outgo	8.9%	7.7%	3.1%	3.0%
Total long-term debt	\$ 538,519,308	\$ 548,986,265	\$ 491,677,430	\$ 467,246,820
Average daily attendance at P-2	18,304	18,425	18,241	18,363

The General Fund balance has increased by \$8.1 million over the past two years. The fiscal year 2019-20 adopted budget projects an increase of \$2.0 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Long-term debt has increased \$81.7 million over the past two years due primarily to the net pension liability and bond issuances.

The District has incurred operating deficits in one of the past three years, and does not anticipate incurring an operating deficit during the 2019-20 fiscal year.

Average daily attendance (ADA) has increased by 62 over the past two years. A decrease of 121 ADA is anticipated during fiscal year 2019-20.

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

<sup>2</sup> As of September, 2019.

<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, 2019*

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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, 2019*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 983,178	
National School Lunch Program	10.555	13523	6,015,962	
USDA Donated Foods	10.555	N/A	<u>434,956</u>	
Total Child Nutrition Cluster				\$ 7,434,096
Fresh Fruit and Vegetable Program	10.582	14968		<u>107,040</u>
Total U.S. Department of Agriculture				<u>7,541,136</u>
U.S. Department of Defense:				
Reserve Officer Training Corps (ROTC)	12.000	N/A		<u>22,181</u>
Total U.S. Department of Defense				<u>22,181</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education Cluster:				
Adult Secondary Education	84.002	13978	45,650	
Adult Basic Education & ESL	84.002A	14508	126,506	
English Literacy & Civics Education	84.002	14750	<u>17,689</u>	
Total Adult Basic Education Cluster				189,845
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Cluster:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	6,122,087	
School Improvement Funding for LEAs	84.010	15438	<u>40,304</u>	
Subtotal Title I Grants Cluster				6,162,391
Title II, Part A, Supporting Effective Instruction	84.367	14341		665,587
Title III, Limited English Proficiency	84.365	14346		681,845
Title IV, Part B, 21st Century Community Learning Centers	84.287	14681		282,150
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		171,933
Passed through Riverside County SELPA:				
Individuals with Disabilities Education Act (IDEA) Cluster:				
Local Assistance Entitlement	84.027	13379	3,080,516	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	46,592	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	321,119	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>466</u>	
Total Special Education (IDEA) Cluster				<u>3,448,693</u>
Total U.S. Department of Education				<u>11,602,444</u>
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Head Start	93.600	10016		1,348,295
Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013	354,218	
Medi-Cal Administrative Activities (MAA)	93.778	10060	<u>50,438</u>	
Total Medicaid Cluster				<u>404,656</u>
Total U.S. Department of Health & Human Services				<u>1,752,951</u>
Total Expenditures of Federal Awards				<u>\$ 20,918,712</u>

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Note to the Supplementary Information*  
*June 30, 2019*

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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**

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

**Schedule of Financial Trends and Analysis**

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

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

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

**Schedule of Expenditures of Federal Awards**

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

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

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 22,314,615
Differences between Federal Revenues and Expenditures:		
Medi-Cal Billing Option	93.778	(116,434)
Medi-Cal Administrative Activities	93.778	(1,279,469)
Total Schedule of Expenditures of Federal Awards		<u>\$ 20,918,712</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, 2019, and the related notes to the financial statements, which collectively comprise Jurupa Unified School District's basic financial statements, and have issued our report thereon dated December 2, 2019.

**Internal Control Over Financial Reporting**

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

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

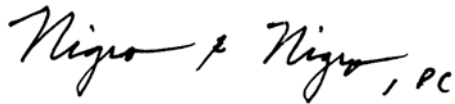
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California  
December 2, 2019

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

Board of Education  
Jurupa Unified School District  
Jurupa Valley, California

**Report on Compliance for Each Major Federal Program**

We have audited Jurupa Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Jurupa Unified School District's major federal programs for the year ended June 30, 2019. Jurupa Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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



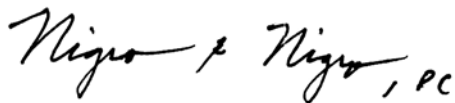
### **Report on Internal Control Over Compliance**

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

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

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

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



Murrieta, California  
December 2, 2019

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Education  
Jurupa Unified School District  
Jurupa Valley, California

**Report on State Compliance**

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

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Jurupa Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Jurupa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

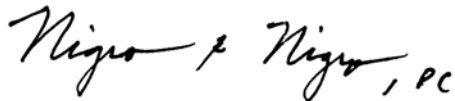
Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees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

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for California Clean Energy Jobs Act because the District did not have any expenditures or completed projects.

***Unmodified Opinion on Compliance with State Programs***

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



Murrieta, California  
December 2, 2019

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## *Findings and Questioned Costs*

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**JURUPA UNIFIED SCHOOL DISTRICT**  
*Summary of Auditors' Results*  
*For the Fiscal Year Ended June 30, 2019*

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***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	<u>No</u>
Identification of major programs:	
<u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u>	
10.553 & 10.555      Child Nutrition Cluster	

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</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**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2019*

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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

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

***There were no financial statement findings in 2018-19.***

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2019*

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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

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



**JURUPA UNIFIED SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2019*

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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

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

**JURUPA UNIFIED SCHOOL DISTRICT**  
*Summary Schedule of Prior Audit Findings*  
*For the Fiscal Year Ended June 30, 2019*

<b>Original Finding No.</b>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding 2018-001:</i> <i>CALPADS</i> <i>Unduplicated</i> <i>Pupil Counts</i>	<p>Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:</p> <ul style="list-style-type: none"> <li>• Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (<i>EC</i> sections 2574(b)(2) and 42238.02(b)(1)).</li> <li>• Divided by total enrollment in the LEA (<i>EC</i> sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.</li> </ul> <p>During our testing of the English Learner (EL) reported in the CALPADS 1.17 and 1.18 reports, we noted one student that was reported as having the English Learner designation for the 2017-18 fiscal year that was not eligible based on the District reclassification policy.</p>	40000	<p>We recommend that the Language Services department identify English Proficient Students early so they can reclassified and removed from the CALPADS system.</p>	Implemented.