



Financial Statements
June 30, 2021

Rio Elementary School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Government Wide Financial Statements	
Statement of Net Position	14
Statement of Activities.....	15
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Fiduciary Fund Financial Statements	
Statement of Net Position – Fiduciary Funds	23
Statement of Changes in Net Position – Fiduciary Funds	24
Notes to Financial Statements	25
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	68
Budgetary Comparison Schedule – Cafeteria Fund	69
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	70
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	71
Schedule of the District’s Proportionate Share of the Net Pension Liability	72
Schedule of District Contributions.....	73
Notes to Required Supplementary Information	74
Supplementary Information	
Schedule of Expenditures of Federal Awards	76
Local Education Agency Organization Structure.....	77
Schedule of Instructional Time	78
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	79
Schedule of Financial Trends and Analysis	80
Combining Balance Sheet – Non-Major Governmental Funds	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....	82
Notes to Supplementary Information.....	83
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	87

Independent Auditor’s Report on State Compliance.....	89
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	92
Financial Statement Findings	93
Federal Awards Findings and Questioned Costs.....	94
Summary Schedule of Prior Audit Findings.....	98



Independent Auditor's Report

Governing Board
Rio Elementary School District
Oxnard, 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 Rio Elementary School District (the District) as of and for the year ended June 30, 2021, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Rio Elementary School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 18 to the financial statements, Rio Elementary School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on pages 68 through 69, schedule of changes in the District's total OPEB liability and related ratios on page 70, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 71, schedule of the District's proportionate share of the net pension liability on page 72, and the schedule of District contributions on page 73, 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 Rio Elementary School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents 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 combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2022 on our consideration of Rio Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rio Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rio Elementary School District's internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 28, 2022

This section of Rio Elementary School District's (the District) 2020-2021 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Rio Elementary School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade eight students and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the Department of Education.

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for the community facilities district debt service. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$51,105,118 for the fiscal year ended June 30, 2021. Of this amount, \$(71,418,579) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and changes in the net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020 as restated
Assets		
Current and other assets	\$ 54,361,859	\$ 44,039,876
Capital assets	185,200,895	181,688,893
Total assets	<u>239,562,754</u>	<u>225,728,769</u>
Deferred outflows of resources	<u>31,761,922</u>	<u>27,258,033</u>
Liabilities		
Current liabilities	18,480,556	11,168,624
Long-term liabilities other than OPEB and pensions due in more than one year	97,896,401	96,274,800
OPEB liability	34,992,976	31,836,227
Aggregate net pension liability	<u>66,129,696</u>	<u>59,044,094</u>
Total liabilities	<u>217,499,629</u>	<u>198,323,745</u>
Deferred inflows of resources	<u>2,719,929</u>	<u>4,673,415</u>
Net Position		
Net investment in capital assets	103,530,187	104,167,084
Restricted	18,993,510	12,711,078
Unrestricted (deficit)	<u>(71,418,579)</u>	<u>(66,888,520)</u>
Total net position	<u>\$ 51,105,118</u>	<u>\$ 49,989,642</u>

The \$(71,418,579) in unrestricted (deficit) net position of governmental activities represents the accumulated results of all past years' operations. It means that if we had to pay off all of our bills today, including all of our non-capital liabilities (bonds as an example), we would have a \$(71,418,579) deficit.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	\$ 1,647,150	\$ 780,980
Operating grants and contributions	33,691,701	17,837,424
Capital grants and contributions	4,486	16,851
General revenues		
Federal and State aid not restricted	42,163,327	43,630,966
Property taxes	17,928,848	16,412,049
Other general revenues	1,445,877	899,283
Total revenues	<u>96,881,389</u>	<u>79,577,553</u>
Expenses		
Instruction-related	64,134,648	58,456,541
Pupil services	11,976,412	9,043,128
Administration	5,622,139	5,602,125
Plant services	8,830,885	7,529,173
All other services	5,201,828	5,311,819
Total expenses	<u>95,765,912</u>	<u>85,942,786</u>
Change in net position	<u>\$ 1,115,477</u>	<u>\$ (6,365,233)</u>

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the Statement of Activities on page 15, the cost of all of our governmental activities this year was \$95,765,912. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$17,928,848 (levied for general purposes and for debt service) because the cost was paid by those who benefitted from the programs (\$1,647,150) or by other governments and organizations who subsidized certain programs with grants and contributions (\$33,696,187). We paid for the remaining "public benefit" portion of our governmental activities with \$42,163,327 in unrestricted Federal and State funds, and \$1,445,877 in interest and investment earning and other revenues.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 64,134,648	\$ 58,456,541	\$ (45,928,608)	\$ (47,649,437)
Pupil services	11,976,412	9,043,128	1,295,904	(3,138,075)
Administration	5,622,139	5,602,125	(4,724,494)	(5,146,532)
Plant services	8,830,885	7,529,173	(7,850,379)	(7,073,313)
All other services	5,201,828	5,311,819	(3,214,998)	(4,300,174)
Total	\$ 95,765,912	\$ 85,942,786	\$ (60,422,575)	\$ (67,307,531)

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$37,159,848, which is an increase of \$2,898,332, or 8.5 percent, over the last year.

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	\$ 3,940,982	\$ 75,888,150	\$ 71,008,997	\$ 8,820,135
Cafeteria Fund	393,971	12,286,894	6,343,102	6,337,763
Building Fund	16,666,927	78,180	6,036,775	10,708,332
Capital Facilities Fund	2,318,735	2,277,711	778,018	3,818,428
County School Facilities Fund	862,984	4,486	-	867,470
Special Reserve Fund for Capital Outlay Projects	8,262	-	-	8,262
Capital Project Fund for Blended Component Units	4,564,462	785,936	4,032,147	1,318,251
Bond Interest and Redemption Fund	5,505,193	25,382,183	25,606,169	5,281,207
Total	\$ 34,261,516	\$ 116,703,540	\$ 113,805,208	\$ 37,159,848

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 17, 2021. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 68.

- The District settled with bargaining units for 1 percent on schedule salary increase and 3 percent off schedule one-time bonus after the 2nd Interim Budget was finalized. This caused variances in the certificated and classified salary areas. Overall actual year-end expenditures were less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had \$185,200,895 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$3,512,002, or 1.9 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 13,258,979	\$ 29,093,814
Land improvements	4,055,426	3,371,436
Buildings and improvements	166,391,746	147,708,295
Equipment	1,494,744	1,515,348
Total	\$ 185,200,895	\$ 181,688,893

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pensions

At the end of this year, the District had \$97,896,401 in long-term liabilities outstanding other than OPEB and pensions versus \$96,274,800 last year, an increase of \$1,621,601, or 1.7 percent. The long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 89,515,116	\$ 87,179,659
Unamortized premium	5,489,564	5,779,263
Certificates of participation	1,860,000	1,860,000
Unamortized premium	319,860	358,475
Supplemental early retirement incentive	-	185,546
Supplemental retirement incentive	60,000	58,000
Retirement incentive	100,000	480,000
Compensated absences	551,861	373,857
	<u>\$ 97,896,401</u>	<u>\$ 96,274,800</u>

The District's general obligation bond rating for the last bond sale in April 2021 was "A+". The State limits the amount of general obligation debt that districts can issue to 1.25 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$89,515,116 is below the statutorily-imposed limit.

We present more detailed information about our long-term liabilities in Note 10 to the financial statements.

OPEB and Pension Liabilities

At year-end, the District had an OPEB liability of \$34,992,976, versus \$31,836,227 last year, an increase of \$3,156,749, or 9.9 percent.

We present more detailed information about our OPEB liability in Note 11 to the financial statements.

At year-end, the District had a net pension liability of \$66,129,696, versus \$59,044,094 last year, an increase of \$7,085,602, or 12.0 percent.

We present more detailed information about our pension liability in Note 15 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District budget and actuals for the 2020-2021 year, the governing board and management used the following criteria:

Assumption	2021-2022 Budget Adoption
Revenues:	
Average Daily Attendance (ADA)	4995
Funded ADA	5129
Cost of Living Adjustments	5.07%
LCFF Calculator	FCMAT
LCFF Gap Funding Percentage	100.00%
One Time Contribution to General Fund	\$176,317
Restricted Lottery Revenues	\$49/ADA
Unrestricted Lottery	\$150/ADA
Carryovers from Prior Year	None
Expenditures:	
Step and Column Adjustments	We used Actual Cost
Salary Increases/Settlements	0
Certificated Staffing Changes	6 FTE's Less
Administrator Staffing Changes	None
Classified Staffing Due Changes	None
STRS	16.92%
PERS	22.91%
Cost of Health Increase	Actual Cost
Carry-overs from Prior Year	Included
Utilities	No Change

As part of the District's Local Control Accountability Plan, the District continues class size reduction for first and second grade and kindergarten students, and a full day program for kindergarten students.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grade kindergarten	24:1	601
Grades first through second	26:1	1101
Grade three	30:1	532
Grades four through eight	31:1	2969

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Rio School District, 1800 Solar Drive 3RD Floor, Oxnard, California, 93030, or e-mail at wsaleh@rioschools.org.

Rio Elementary School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 39,925,099
Receivables	14,241,244
Prepaid expense	141,622
Stores inventories	53,894
Capital assets not depreciated	13,258,979
Capital assets, net of accumulated depreciation	171,941,916
Total assets	239,562,754
Deferred Outflows of Resources	
Deferred charge on refunding	4,463,629
Deferred outflows of resources related to OPEB	8,573,452
Deferred outflows of resources related to pensions	18,724,841
Total deferred outflows of resources	31,761,922
Liabilities	
Accounts payable	8,702,676
Interest payable	1,278,545
Unearned revenue	594,335
Current loans	7,905,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,315,000
Long-term liabilities other than OPEB and pensions due in more than one year	95,581,401
Other postemployment benefits (OPEB) liability	34,992,976
Aggregate net pension liability	66,129,696
Total liabilities	217,499,629
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB liability	878,478
Deferred inflows of resources related to pensions	1,841,451
Total deferred inflows of resources	2,719,929
Net Position	
Net investment in capital assets	103,530,187
Restricted for	
Debt service	4,002,662
Capital projects	5,903,009
Educational programs	2,788,314
Other restrictions	6,299,525
Unrestricted (deficit)	(71,418,579)
Total net position	\$ 51,105,118

Rio Elementary School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 55,975,373	\$ -	\$ 17,295,260	\$ 4,486	\$ (38,675,627)
Instruction-related activities					
Supervision of instruction	1,720,189	-	383,524	-	(1,336,665)
Instructional library, media, and technology	1,296,334	-	46,596	-	(1,249,738)
School site administration	5,142,752	-	476,174	-	(4,666,578)
Pupil services					
Home-to-school transportation	1,215,154	-	62,922	-	(1,152,232)
Food services	6,524,888	-	11,599,928	-	5,075,040
All other pupil services	4,236,370	-	1,609,466	-	(2,626,904)
Administration					
Data processing	797,443	-	9,952	-	(787,491)
All other administration	4,824,696	-	887,693	-	(3,937,003)
Plant services	8,830,885	399,871	580,635	-	(7,850,379)
Ancillary services	48,671	-	79,609	-	30,938
Enterprise services	4,621	161	85	-	(4,375)
Interest on long-term liabilities	3,601,624	-	-	-	(3,601,624)
Other outgo	1,546,912	1,247,118	659,857	-	360,063
Total governmental activities	<u>\$ 95,765,912</u>	<u>\$ 1,647,150</u>	<u>\$ 33,691,701</u>	<u>\$ 4,486</u>	<u>(60,422,575)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					12,400,544
Property taxes, levied for debt service					4,911,799
Taxes levied for other specific purposes					616,505
Federal and State aid not restricted to specific purposes					42,163,327
Interest and investment earnings					92,652
Miscellaneous					1,353,225
Subtotal, general revenues and subventions					<u>61,538,052</u>
Change in Net Position					
					1,115,477
Net Position - Beginning, as restated					
					<u>49,989,641</u>
Net Position - Ending					
					<u><u>\$ 51,105,118</u></u>

Rio Elementary School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 14,693,232	\$ 2,440,411	\$ 11,474,137	\$ 11,317,319	\$ 39,925,099
Receivables	9,868,659	4,341,975	8,398	22,212	14,241,244
Due from other funds	288,650	509	-	-	289,159
Prepaid expenditures	31,896	-	8,586	101,140	141,622
Stores inventories	15,656	38,238	-	-	53,894
Total assets	<u>\$ 24,898,093</u>	<u>\$ 6,821,133</u>	<u>\$ 11,491,121</u>	<u>\$ 11,440,671</u>	<u>\$ 54,651,018</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 7,578,114	\$ 194,720	\$ 782,789	\$ 147,053	\$ 8,702,676
Due to other funds	509	288,650	-	-	289,159
Current loans	7,905,000	-	-	-	7,905,000
Unearned revenue	594,335	-	-	-	594,335
Total liabilities	<u>16,077,958</u>	<u>483,370</u>	<u>782,789</u>	<u>147,053</u>	<u>17,491,170</u>
Fund Balances					
Nonspendable	52,552	38,238	8,586	101,140	200,516
Restricted	2,788,314	6,299,525	10,699,746	11,184,216	30,971,801
Assigned	1,106,643	-	-	8,262	1,114,905
Unassigned	4,872,626	-	-	-	4,872,626
Total fund balances	<u>8,820,135</u>	<u>6,337,763</u>	<u>10,708,332</u>	<u>11,293,618</u>	<u>37,159,848</u>
Total liabilities and fund balances	<u>\$ 24,898,093</u>	<u>\$ 6,821,133</u>	<u>\$ 11,491,121</u>	<u>\$ 11,440,671</u>	<u>\$ 54,651,018</u>

Rio Elementary School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds		\$ 37,159,848
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 239,792,727	
Accumulated depreciation is	<u>(54,591,832)</u>	
Net capital assets		185,200,895
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(1,278,545)
<p>Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to:</p>		
Deferred charge on refunding	4,463,629	
Other postemployment benefits (OPEB) liability	8,573,452	
Aggregate net pension liability	<u>18,724,841</u>	
Total deferred outflows of resources		31,761,922
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to:</p>		
Other postemployment benefits (OPEB) liability	(878,478)	
Aggregate net pension liability	<u>(1,841,451)</u>	
Total deferred inflows of resources		(2,719,929)
<p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(66,129,696)
<p>The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(34,992,976)

Rio Elementary School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Long-term liabilities 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	\$ (89,164,659)
Premium on issuance of general obligation bonds	(5,489,564)
Certificates of participation	(1,860,000)
Premium on issuance of certificates of participation	(319,860)
Supplemental retirement	(60,000)
Retirement incentive	(100,000)
Compensated absences (vacations)	(551,861)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(350,457)

Total long-term liabilities	<u>(97,896,401)</u>
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Total net position - governmental activities	<u><u>\$ 51,105,118</u></u>
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Rio Elementary School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Cafeteria Fund	Building Fund
Revenues			
Local Control Funding Formula	\$ 53,226,651	\$ -	\$ -
Federal sources	8,583,991	10,861,653	-
Other State sources	9,528,513	1,386,284	-
Other local sources	4,548,995	8,987	78,180
Total revenues	<u>75,888,150</u>	<u>12,256,924</u>	<u>78,180</u>
Expenditures			
Current			
Instruction	46,704,943	-	-
Instruction-related activities			
Supervision of instruction	1,516,486	-	-
Instructional library, media, and technology	1,166,651	-	-
School site administration	4,231,417	-	-
Pupil services			
Home-to-school transportation	994,873	-	-
Food services	209,828	6,049,310	-
All other pupil services	3,694,733	-	-
Administration			
Data processing	711,260	-	-
All other administration	4,261,865	289,427	-
Plant services	5,880,480	-	-
Ancillary services	48,246	-	-
Other outgo	1,546,912	-	-
Enterprise services	-	4,365	-
Facility acquisition and construction	11,333	-	6,036,775
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	<u>70,979,027</u>	<u>6,343,102</u>	<u>6,036,775</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,909,123</u>	<u>5,913,822</u>	<u>(5,958,595)</u>
Other Financing Sources (Uses)			
Transfers in	-	29,970	-
Other sources - proceeds from issuance of general obligation bonds	-	-	-
Transfers out	(29,970)	-	-
Other uses - payments to refunded bond escrow agent	-	-	-
Net Financing Sources (Uses)	<u>(29,970)</u>	<u>29,970</u>	<u>-</u>
Net Change in Fund Balances	4,879,153	5,943,792	(5,958,595)
Fund Balance - Beginning, as restated	<u>3,940,982</u>	<u>393,971</u>	<u>16,666,927</u>
Fund Balance - Ending	<u>\$ 8,820,135</u>	<u>\$ 6,337,763</u>	<u>\$ 10,708,332</u>

Rio Elementary School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Local Control Funding Formula	\$ -	\$ 53,226,651
Federal sources	-	19,445,644
Other State sources	21,133	10,935,930
Other local sources	8,004,183	12,640,345
Total revenues	8,025,316	96,248,570
Expenditures		
Current		
Instruction	-	46,704,943
Instruction-related activities		
Supervision of instruction	-	1,516,486
Instructional library, media, and technology	-	1,166,651
School site administration	-	4,231,417
Pupil services		
Home-to-school transportation	-	994,873
Food services	-	6,259,138
All other pupil services	-	3,694,733
Administration		
Data processing	-	711,260
All other administration	-	4,551,292
Plant services	196,140	6,076,620
Ancillary services	-	48,246
Other outgo	-	1,546,912
Enterprise services	-	4,365
Facility acquisition and construction	4,614,025	10,662,133
Debt service		
Principal	2,180,000	2,180,000
Interest and other	3,250,831	3,250,831
Total expenditures	10,240,996	93,599,900
Excess (Deficiency) of Revenues Over Expenditures	(2,215,680)	2,648,670
Other Financing Sources (Uses)		
Transfers in	-	29,970
Other sources - proceeds from issuance of general obligation bonds	20,425,000	20,425,000
Transfers out	-	(29,970)
Other uses - payments to refunded bond escrow agent	(20,175,338)	(20,175,338)
Net Financing Sources (Uses)	249,662	249,662
Net Change in Fund Balances	(1,966,018)	2,898,332
Fund Balance - Beginning, as restated	13,259,636	34,261,516
Fund Balance - Ending	\$ 11,293,618	\$ 37,159,848

See Notes to Financial Statements

Rio Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 2,898,332

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation expense in the period.

Capital outlays	\$ 8,703,687
Depreciation expense	<u>(5,191,685)</u>

Net expense adjustment	3,512,002
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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 amount is the difference between vacation earned and used. (178,004)

In the Statement of Activities, certain operating expenses, such as supplemental early retirement incentives and special termination benefits 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 amount is the difference between supplemental early retirement and special termination benefits earned and used. 563,546

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. (6,028,250)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (1,231,694)

Rio Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Proceeds received from Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. \$ (20,425,000)

Governmental funds report the effect of premiums and deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items:
 Deferred charge on refunding 3,915,338

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.
 General obligation bonds 18,440,000

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:
 Amortization of debt premium 328,314
 Amortization deferred charge on refunding (440,370)

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and certificates of participation decreased by \$111,720, and second, \$350,457 of accumulated interest was accreted on the District's capital appreciation general obligation bonds. (238,737)

Change in net position of governmental activities \$ 1,115,477

Rio Elementary School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	<u>Custodial Fund</u>
Assets	
Deposits and investments	\$ 3,804,034
Receivables	<u>1,694</u>
Total assets	<u>\$ 3,805,728</u>
Net Position	
Restricted for debt service	<u>\$ 3,805,728</u>

Rio Elementary School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	Custodial Fund
Additions	
Property taxes	\$ 10,205,847
Interest	5,305
Amounts received from investors	19,610,767
Total additions	29,821,919
Deductions	
Professional services	101,930
Payments to investors	9,493,418
Payment to refunded bond escrow agent	20,144,235
Total deductions	29,739,583
Net Increase in Fiduciary Net Position	82,336
Net Position - Beginning, as restated	3,723,392
Net Position - Ending	\$ 3,805,728

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Rio Elementary School District (the District) was organized in September 1885 under the laws of the State of California. The District operates under a locally-elected five-member board form of government and provides educational services to grades K - eight as mandated by the State and/or Federal agencies. The District operates five elementary schools, two K - eight schools, and two middle schools.

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, boards, and agencies that are not legally separate from the District. For Rio Elementary School District, this includes general operations, food services, and student-related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental, and fiduciary.

Governmental Funds Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. 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.

One fund currently defined as a special revenue fund in the California School Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically Fund 20, Special Reserve Fund for Postemployment Benefits, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$176,217.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* 38091 and 38100).

Building Fund The Building 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.

Non-Major Governmental Funds

Capital Project Funds The Capital Project Funds are used to account for and report 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** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District has no trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial fund is the Debt Service Fund for Blended Component Units.

Basis of Accounting - Measurement Focus

Government - Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund Financial Statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All Governmental Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Fiduciary Funds** Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at lower of cost or market, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental-type funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial Statement of Net Position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, five to 50 years; equipment, two to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to certain school employees who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, change in proportion and differences between contributions and the District's proportionate share of contributions, differences between expected and actual earnings on investments, differences between expected and actual experience, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to change in proportion and differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences, and changes of assumptions.

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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

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 the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Current Loans

Current loans consist of amounts outstanding at year end for Tax Revenue and Anticipation Notes. The notes were issued as short-term liabilities to provide cash flow needs. This liability is offset with cash deposits in the County Treasurer, which have been set aside to repay the notes.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$18,993,510 of net position restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental columns of the Statement of Activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 11 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental and reclassification of agency funds to custodial funds. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 18.

New Accounting Pronouncements

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 the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 39,925,099
Fiduciary funds	<u>3,804,034</u>
Total deposits and investments	<u><u>\$ 43,729,133</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 67,144
Cash with fiscal agent	12,559
Cash in revolving	5,000
Investments	<u>43,644,430</u>
Total deposits and investments	<u><u>\$ 43,729,133</u></u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County Treasury Investment Pool to provide the cash flow and liquidity needed for operations, and by purchasing a combination of shorter term and longer term investments and timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow necessary for debt service requirements.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Ventura County Treasury Investment Pool and Invesco Private Capital - Treasury Portfolio are rated AAA by Standard and Poor's rating services.

Information about the sensitivity to fair values of the District's investments to market interest rate fluctuation and the actual rating as of year-end for each investment is provided by the following schedule that shows the distribution of the District's investment by type and maturity:

Investment Type	Reported Amount	Weighted Average Maturity in Days
Ventura County Treasury Investment Pool	\$ 42,458,527	322
Invesco Private Capital - Treasury Portfolio	1,185,903	56
Total	<u>\$ 43,644,430</u>	

Custodial Credit Risk - Deposits

This 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. However, 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 agency. 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, 2021, the District's bank deposits were not exposed to custodial credit risk because they were fully insured.

Note 3 - 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 data 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.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Investco Private Capital - Treasury Portfolio	\$ 1,185,903	\$ 1,185,903
Total	\$ 1,185,903	\$ 1,185,903
Investments not measured for fair value or subject to fair value hierarchy		
Ventura County Treasury Investment Pool	42,458,527	
Total investments	\$ 43,644,430	

Note 4 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government						
Categorical aid	\$ 1,965,485	\$ 4,101,945	\$ -	\$ -	\$ 6,067,430	\$ -
State Government						
LCFF apportionment	5,006,108	-	-	-	5,006,108	-
Categorical aid	2,326,826	209,093	-	-	2,535,919	-
Lottery	342,078	-	-	-	342,078	-
Local Government						
Interest	12,615	2,505	8,398	10,179	33,697	-
Other local sources	215,547	28,432	-	12,033	256,012	1,694
Total	\$ 9,868,659	\$ 4,341,975	\$ 8,398	\$ 22,212	\$ 14,241,244	\$ 1,694

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 11,079,879	\$ -	\$ -	\$ 11,079,879
Construction in progress	<u>18,013,935</u>	<u>6,320,421</u>	<u>(22,155,256)</u>	<u>2,179,100</u>
Total capital assets not being depreciated	<u>29,093,814</u>	<u>6,320,421</u>	<u>(22,155,256)</u>	<u>13,258,979</u>
Capital assets being depreciated				
Land improvements	7,297,930	1,096,788	-	8,394,718
Buildings and improvements	186,790,487	23,143,261	-	209,933,748
Furniture and equipment	<u>7,906,809</u>	<u>298,473</u>	<u>-</u>	<u>8,205,282</u>
Total capital assets being depreciated	<u>201,995,226</u>	<u>24,538,522</u>	<u>-</u>	<u>226,533,748</u>
Total capital assets	<u>231,089,040</u>	<u>30,858,943</u>	<u>(22,155,256)</u>	<u>239,792,727</u>
Accumulated depreciation				
Land improvements	(3,926,494)	(412,798)	-	(4,339,292)
Buildings and improvements	(39,082,192)	(4,459,810)	-	(43,542,002)
Furniture and equipment	<u>(6,391,461)</u>	<u>(319,077)</u>	<u>-</u>	<u>(6,710,538)</u>
Total accumulated depreciation	<u>(49,400,147)</u>	<u>(5,191,685)</u>	<u>-</u>	<u>(54,591,832)</u>
Governmental activities capital assets, net	<u>\$ 181,688,893</u>	<u>\$ 25,667,258</u>	<u>\$ (22,155,256)</u>	<u>\$ 185,200,895</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 4,049,594
School site administration	311,507
Home-to-school transportation	103,837
All other pupil services	103,837
Data processing	51,813
All other administration	259,590
Plant services	<u>311,507</u>
Total depreciation expenses governmental activities	<u>\$ 5,191,685</u>

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major governmental funds are as follows:

Due To	General Fund	Due From Cafeteria Fund	Total
General Fund	\$ -	\$ 288,650	\$ 288,650
Cafeteria Fund	509	-	509
Total	\$ 509	\$ 288,650	\$ 289,159

The balance of \$288,650 is due to the General Fund from the Cafeteria Fund is to reimburse for current-year indirect cost charges.

\$ 288,650

The balance of \$509 is due to the Cafeteria Fund from the General Fund is to reimburse the Cafeteria Fund for operating expenditures.

509

\$ 289,159

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Cafeteria Fund to cover salary increases.

\$ 29,970

Note 7 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
LCFF apportionment	\$ 2,193,751	\$ -	\$ -	\$ -	\$ 2,193,751
Vendor payables	1,672,529	123,118	7,482	50,309	1,853,438
Salaries and benefits	3,145,602	71,602	-	-	3,217,204
Due to local governments	555,222	-	-	-	555,222
Construction	-	-	775,307	96,744	872,051
Other	11,010	-	-	-	11,010
Total	<u>\$ 7,578,114</u>	<u>\$ 194,720</u>	<u>\$ 782,789</u>	<u>\$ 147,053</u>	<u>\$ 8,702,676</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund
Federal financial assistance	\$ 36,957
State categorical aid	504,135
Other local	53,243
Total	<u>\$ 594,335</u>

Note 9 - Tax and Revenue Anticipation Notes (Trans)

On March 29, 2021, the District issued \$7,905,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00 % percent. The notes were issued to supplement cash flows. Interest and principal were due are payable on January 31, 2022.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
3/29/2021	2.00%	1/31/2022	\$ -	\$ 7,905,000	\$ -	\$ 7,905,000

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 87,179,659	\$ 20,775,457	\$ (18,440,000)	\$ 89,515,116	\$ 2,215,000
Unamortized premium	5,779,263	-	(289,699)	5,489,564	-
Certificates of participation	1,860,000	-	-	1,860,000	-
Unamortized premium	358,475	-	(38,615)	319,860	-
Supplemental early retirement incentive	185,546	-	(185,546)	-	-
Supplemental retirement	58,000	2,000	-	60,000	-
Retirement incentive	480,000	-	(380,000)	100,000	100,000
Compensated absences	373,857	178,004	-	551,861	-
Total	\$ 96,274,800	\$ 20,955,461	\$ (19,333,860)	\$ 97,896,401	\$ 2,315,000

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made by the General Fund. The General Fund also makes payments for supplemental early retirement and the retirement incentive. The compensated absences were paid by the General Fund and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued or Accreted	Redeemed	Bonds Outstanding June 30, 2021
6/4/2015	8/1/2044	2.000-4.000%	\$ 20,000,000	\$ 18,855,000	\$ -	\$ (5,865,000)	\$ 12,990,000
4/26/2016	8/1/2045	3.000-5.000%	18,500,000	18,500,000	-	-	18,500,000
4/26/2016	8/1/2029	2.000-5.000%	9,880,000	8,305,000	-	(770,000)	7,535,000
2/28/2019	8/1/2048	4.000-5.000%	23,000,000	23,000,000	-	(10,395,000)	12,605,000
2/28/2019	8/1/2021	2.800-2.875%	1,510,000	1,510,000	-	(1,410,000)	100,000
4/15/2020	8/1/2043	3.250-4.170%	13,922,236	13,922,236	255,576	-	14,177,812
4/15/2020	8/1/2028	3.650-4.000%	3,087,423	3,087,423	94,881	-	3,182,304
9/3/2020	8/1/2046	0.323-2.966%	20,425,000	-	20,425,000	-	20,425,000
				<u>\$ 87,179,659</u>	<u>\$ 20,775,457</u>	<u>\$ (18,440,000)</u>	<u>\$ 89,515,116</u>

2014 General Obligation Bonds, Series A

On June 4, 2015, the Rio Elementary School District issued the 2014 General Obligation Bonds, Series A, in the amount of \$20,000,000. The Series A represents the first series of the reauthorized bonds not to exceed \$38,500,000 to be issued under the measure as approved by the voters. The bonds have a final maturity to occur on August 1, 2044 with interest rates ranging from 2.00 to 4.00 percent. Proceeds from the sale of bonds were used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2021, the principal outstanding was \$12,990,000, and unamortized premium received on issuance was \$341,719.

2014 General Obligation Bonds, Series B

On April 26, 2016, the Rio Elementary School District issued the 2014 General Obligation Bonds, Series B, in the amount of \$18,500,000. The Series B represents the second series of the reauthorized bonds not to exceed \$38,500,000 to be issued under the measure as approved by the voters. The bonds have a final maturity to occur on August 1, 2045 with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of bonds were used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2021, the principal outstanding was \$18,500,000. Unamortized premium received on issuance was \$1,032,020.

2016 General Obligation Refunding Bonds

On April 26, 2016, the Rio Elementary School District issued the 2016 General Obligation Refunding Bonds in the amount of \$9,880,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2029, with interest rates of 2.00 to 5.00 percent. Proceeds from the sale of the bonds were used to provide partial advance refunding of the District's 2007 General Obligation Refunding Bonds in the amount of \$11,115,000. As of June 30, 2021, the principal balance outstanding was \$7,535,000, and unamortized premium on issuance and deferred charge on refunding were \$1,300,606 and \$170,795, respectively.

2018 General Obligation Bonds, Series A

On February 28, 2019, the Rio Elementary School District issued the 2018 General Obligation Bonds, Series A, in the amount of \$23,000,000. The Series A represents the first of a series of bonds not to exceed \$59,200,000 to be issued under the measure as approved by the voters. The bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 4.00 to 5.00 percent. Proceeds from the sale of bonds were used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2021, the principal outstanding was \$12,605,000 and unamortized premium received on issuance was \$2,109,265.

2018 General Obligation Bonds, Series B

On February 28, 2019, the Rio Elementary School District issued the 2018 General Obligation Bonds, Series B, in the amount of \$1,510,000. The Series B represents the second of a series of bonds not to exceed \$59,200,000 to be issued under the measure as approved by the voters. The bonds have a final maturity to occur on August 1, 2021, with interest rates ranging from 2.800 to 2.875 percent. Proceeds from the sale of bonds were used to finance the partial repayment of the District's outstanding 2016 Refunding Certificates of Participation. At June 30, 2021, the principal outstanding was \$100,000

2018 General Obligation Bonds, Series C.

On April 15, 2020, the Rio Elementary School District issued the 2018 General Obligation Bonds, Series C, in the amount of \$13,922,236. The Series C represents the third of a series of bonds not to exceed \$59,200,000 to be issued under the measure as approved by the voters. The Series C bonds were issued as capital appreciation bonds in the amount of \$13,922,236, accreting to \$21,680,000. The bonds have a final maturity to occur on August 1, 2043, with interest rates ranging from 3.25 to 4.17 percent. Proceeds from the sale of bonds will be used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2021, the principal outstanding was \$14,177,812 and unamortized premium received on issuance was \$705,954.

2018 General Obligation Bonds, Series D

On April 15, 2020, the Rio Elementary School District issued the 2018 General Obligation Bonds, Series D, in the amount of \$3,087,423. The Series D represents the fourth of a series of bonds not to exceed \$59,200,000 to be issued under the measure as approved by the voters. The Series C bonds were issued as capital appreciation bonds in the amount of \$3,087,423, accreting to \$3,955,000. The bonds have a final maturity to occur on August 1, 2028, with interest rates ranging from 3.65 to 4.00 percent. Proceeds from the sale of bonds will be used to finance the partial repayment of the District's outstanding 2016 Refunding Certificates of Participation. At June 30, 2021, the principal outstanding was \$3,182,304 and deferred charge on refunding was \$465,355.

2020 General Obligation Refunding Bonds

On September 3, 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of \$20,425,000. The 2020 General Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2046, with interest rates ranging from 0.323 percent to 2.966 percent. Proceeds from the sale of the bonds were used to advance refund a portion of the 2014 Election, Series A, General Obligation Bonds and the 2018 General Obligation Bonds, Series A, and to pay the costs of issuance of the refunding bonds. At June 30, 2021, the principal balance outstanding was \$20,425,000 and the unamortized deferred charge on refunding was \$3,697,819.

The refunding resulted in a cumulative cash flow savings of \$3,133,390 over the life of the new debt and an economic gain of \$2,066,784 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.77%.

Debt Service Requirements to Maturity

The bonds mature through 2050 as follows:

Fiscal Year	Principal	Unaccrued Interest	Interest to Maturity	Total
2022	\$ 2,215,000	\$ -	\$ 2,912,405	\$ 5,127,405
2023	1,800,000	-	2,836,974	4,636,974
2024	2,015,000	-	2,761,311	4,776,311
2025	2,607,486	97,514	2,683,738	5,388,738
2026	1,395,000	-	2,619,240	4,014,240
2027-2031	11,637,495	1,042,505	12,091,869	24,771,869
2032-2036	12,309,049	1,650,951	10,562,785	24,522,785
2037-2041	18,172,663	2,937,337	8,513,845	29,623,845
2042-2046	28,638,423	2,546,577	4,930,919	36,115,919
2047-2050	8,725,000	-	566,612	9,291,612
Total	<u>\$ 89,515,116</u>	<u>\$ 8,274,884</u>	<u>\$ 50,479,698</u>	<u>\$ 148,269,698</u>

2016 Refunding Certificates of Participation

On May 18, 2016, the Rio Elementary School District issued the 2016 Refunding Certificates of Participation in the amount of \$5,955,000. The refunding certificates were issued as current interest certificates. The certificates have a final maturity which occurs on March 1, 2032 with interest rates of 3.75 to 5.5 percent. Proceeds from the sale of the certificates were used to provide advance refunding of the District's 2007 Certificates of Participation in the amount of \$6,860,000. Portions of the outstanding certificates were refunded by the 2018 General Obligation Bonds, Series B & D. As of June 30, 2021, the principal balance outstanding was \$1,860,000, and unamortized premium on issuance and deferred charge on refunding were \$319,860, and \$129,660, respectively.

The certificates mature through March 1, 2032, as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 70,725	\$ 70,725
2023	-	70,725	70,725
2024	-	70,725	70,725
2025	-	70,725	70,725
2026	-	70,725	70,725
2027-2031	1,065,000	252,850	1,317,850
2032	795,000	48,000	843,000
Total	<u>\$ 1,860,000</u>	<u>\$ 654,475</u>	<u>\$ 2,514,475</u>

Supplemental Early Retirement Incentive

During the 2015-2016 fiscal year, the District offered a supplemental early retirement program payable to eligible District employees with payments beginning in the 2016-2017 fiscal year. A total of 16 certificated and classified employees accepted the District's offer. The District will make five annual contributions to Public Agency Retirement Services (PARS) accounts participants. The District's final payment for the PARS Early Retirement Incentive was made in July 2020.

Supplemental Retirement Payments

For all employees hired prior to July 1, 1992, the District will provide family medical, dental, and vision from retirement until age 65 if the employee has completed a minimum of 15 years with the District. The District will also provide the employee with supplemental retirement payments for every year of service with the District upon retirement. Employees have the option of receiving a lump-sum payment or payments in installments. As of June 30, 2021, there were a total of two employees eligible to receive the supplemental retirement payments. The current outstanding liability to the District is \$60,000.

Retirement Incentive

During the 2020-2021 fiscal year, the District offered a retirement incentive payable to eligible members of the Rio Teachers Association (RTA) who agreed to retire by June 30, 2021. Retirees had the option of receiving one payment of \$20,000 during the 2021-2021 fiscal year or two payments of \$10,000 each in the 2020-2021 and 2021-2022 fiscal years. Twelve employees accepted the offer. The District's liability for the program is as follows:

Year Ending June 30,	Payment
2022	\$ 100,000

Compensated absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$551,861.

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported OPEB liability, deferred outflows of resources, deferred inflows or resources, and OPEB expense for the following plans:

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 34,645,502	\$ 8,573,452	\$ 878,478	\$ 2,545,943
Medicare Premium Payment (MPP) Program	<u>347,474</u>	<u>-</u>	<u>-</u>	<u>53,284</u>
Total	<u>\$ 34,992,976</u>	<u>\$ 8,573,452</u>	<u>\$ 878,478</u>	<u>\$ 2,599,227</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

Plan Membership

As of June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	91
Active employees	<u>455</u>
Total	<u><u>546</u></u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Rio Teachers Association (RTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on pay-as-you-go financing requirements as determined annually through the agreements with the District, RTA, CSEA and the unrepresented groups. For measurement period ending June 30, 2020, the District paid \$1,194,211 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$34,645,502, was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.45 percent for 2020
Healthcare cost trend rates	5.90 percent for 2020

The discount rate was based on the Municipal Bond 20-Year High Grade Rate Index.

Mortality rates were based on the CalSTRS Active Member Mortality (2015-2018) for certificated employees and CalPERS Pre-Retirement Mortality Miscellaneous and Schools (1997-2015) for classified employees.

Post-retirement mortality rates were based on the CalSTRS Healthy Retired Members Mortality (2015-2018) for certificated employees and CalPERS Post-Retirement Mortality Miscellaneous and Schools (1997-2015) for classified employees.

The actuarial assumptions used in the June 30, 2019 valuation were based on the result of an actual experience study for the period July 1, 2017 to June 30, 2019.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2019	<u>\$ 31,542,037</u>
Service cost	480,186
Interest	983,750
Changes of assumptions or other inputs	2,833,740
Benefit payments	<u>(1,194,211)</u>
Net change in total OPEB liability	<u>3,103,465</u>
Balance, June 30, 2020	<u><u>\$ 34,645,502</u></u>

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.45%)	\$ 39,509,133
Current discount rate (2.45%)	34,645,502
1% increase (3.45%)	50,592,311

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 percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.90%)	\$ 30,115,358
Current healthcare cost trend rate (5.90%)	34,645,502
1% increase (6.90%)	40,107,617

OPEB Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,545,943. At June 30, 2021, 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
Amount paid by the District for OPEB as the benefits come due subsequent to measurement date	\$ 1,218,204	\$ -
Differences between expected and actual experience in the measurement of the total OPEB liability	535,019	-
Changes of assumptions	6,820,229	878,478
Total	\$ 8,573,452	\$ 878,478

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,082,007
2023	1,082,007
2024	1,082,007
2025	1,082,007
2026	1,249,339
Thereafter	899,403
Total	\$ 6,476,770

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits 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, 2019 annual actuarial valuation report, Medicare Premium Payment 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/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (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 payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. 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.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$347,474 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0820 percent, and 0.0790 percent, resulting in a net increase in the proportionate share of 0.0030 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$53,284.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	June 30, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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-2019) table, issued by the Society of Actuaries.

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 294 or an average of 0.18 percent of the potentially eligible population (159,339).

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, 2020, 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 as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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 calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability</u>
1% decrease (1.21%)	\$ 384,229
Current discount rate (2.21%)	347,474
1% increase (3.21%)	316,198

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 calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 315,066
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	347,474
1% increase (5.50% Part A and 6.40% Part B)	384,781

Note 12 - Community Facilities District Bonds (Non-Obligatory Debt)

These bonds are authorized to the Mello-Roos Community Facilities Act of 1982 as amended and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the Community Facilities District. Neither the faith and credit nor taxing power of the Rio Elementary School 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 Rio Elementary School District has no duty to pay the delinquency out of any available funds of the District. The Rio Elementary School District acts solely as an agent for those paying taxes levied and the bondholders. The Rio Elementary School District Community Facilities District No. 1 Special Tax Bonds, Series 2013, Series, 2014, and Series 2016 have remaining balances of \$66,430,000 as of June 30, 2021.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Stores inventories	15,656	38,238	-	-	53,894
Prepaid expenditures	31,896	-	8,586	101,140	141,622
Total nonspendable	52,552	38,238	8,586	101,140	200,516
Restricted					
Legally restricted programs	2,788,314	-	-	-	2,788,314
Food service	-	6,299,525	-	-	6,299,525
Capital projects	-	-	10,699,746	5,903,009	16,602,755
Debt service	-	-	-	5,281,207	5,281,207
Total restricted	2,788,314	6,299,525	10,699,746	11,184,216	30,971,801
Assigned					
Postemployment benefits	176,218	-	-	-	176,218
LCAP	930,425	-	-	-	930,425
Capital projects	-	-	-	8,262	8,262
Total assigned	1,106,643	-	-	8,262	1,114,905
Unassigned					
Reserve for economic uncertainties	2,046,696	-	-	-	2,046,696
Remaining unassigned	2,825,930	-	-	-	2,825,930
Total unassigned	4,872,626	-	-	-	4,872,626
Total	\$ 8,820,135	\$ 6,337,763	\$ 10,708,332	\$ 11,293,618	\$ 37,159,848

Note 14 - Risk Management

Description

The Rio Elementary School District's risk management activities are recorded in the General Fund. Employee health programs are administered by the General Fund through payments made to Self-Insured Schools of California (SISC), a public entity risk pool. The District also participates in the Ventura County Schools Self-Funding Authority public entity risk pool for the workers' compensation, and property and liability programs. Refer to Note 17 for additional information regarding the public entity risk pools.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Employee Medical Benefits

The District has contracted with the SISC to provide employee health benefits. SISC is a shared risk pool comprised of numerous members in California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating entities. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 15 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 45,601,435	\$ 14,565,774	\$ 1,841,451	\$ 7,690,256
CalPERS	20,528,261	4,159,067	-	4,455,512
Total	<u>\$ 66,129,696</u>	<u>\$ 18,724,841</u>	<u>\$ 1,841,451</u>	<u>\$ 12,145,768</u>

The details of each plan are as follows:

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, 2019, 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/member-publications>.

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 percent 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, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

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 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$4,109,838.

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

At June 30, 2021, 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:

Total Net Pension Liability, Including State Share	
Proportionate share of net pension liability	\$ 45,601,435
State's proportionate share of the net pension liability	<u>23,507,545</u>
Total	<u><u>\$ 69,108,980</u></u>

The net pension liability was measured as of June 30, 2020. 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 proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0471 percent and 0.0447 percent, resulting in a net increase in the proportionate share of 0.0024 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$7,690,256. In addition, the District recognized pension expense and revenue of \$3,293,176, for support provided by the State. At June 30, 2021, 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	\$ 4,109,838	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,845,457	555,413
Differences between projected and actual earnings on pension plan investments	1,083,228	-
Differences between expected and actual experience in the measurement of the total pension liability	80,466	1,286,038
Changes of assumptions	4,446,785	-
Total	\$ 14,565,774	\$ 1,841,451

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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (660,979)
2023	369,076
2024	736,346
2025	638,785
Total	\$ 1,083,228

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and 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 seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,732,293
2023	2,140,217
2024	1,759,934
2025	249,896
2026	395,220
Thereafter	253,697
Total	<u>\$ 7,531,257</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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 an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. 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 (7.10 percent) 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%)	\$ 68,897,415
Current discount rate (7.10%)	45,601,435
1% increase (8.10%)	26,367,322

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system 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, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provide 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, 2021, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

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 contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$2,007,680.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$20,528,261. The net pension liability was measured as of June 30, 2020. 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 proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0669 percent and 0.0642 percent, resulting in a net increase in the proportionate share of 0.0027 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$4,455,512. At June 30, 2021, 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	\$ 2,007,680	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	630,637	-
Differences between projected and actual earnings on pension plan investments	427,334	-
Differences between expected and actual experience in the measurement of the total pension liability	1,018,138	-
Changes of assumptions	75,278	-
	<u>\$ 4,159,067</u>	<u>\$ -</u>
Total	<u>\$ 4,159,067</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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (159,916)
2023	142,641
2024	247,932
2025	196,677
Total	\$ 427,334

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 992,708
2023	577,666
2024	144,087
2025	9,592
Total	\$ 1,724,053

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 29,513,119
Current discount rate (7.15%)	20,528,261
1% increase (8.15%)	13,071,280

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 Social Security as its alternative plan.

District and employee contributions are determined by statute.

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 in the amount of \$2,660,357 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 16 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Construction Commitments

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Rio del Valle Portable Rehab	\$ 558,500	January 2022
Rio REal Fire Alarm System Upgrade	90,154	January 2022
Rio Plaza Fire Alarm System Upgrade	85,598	January 2022
Rio Del Valle Fire Alarm System Upgrade	57,670	January 2022
Rio Del Norte HVAC & Electrical , Ceilings	299,218	February 2022
Rio del Valle Sports Master Plan	360,587	March 2022
RDV HVAC	44,112	[1]
Rio Plaza HVAC & Electrical	212,528	[1]
Rio Real HVAC & Electrical	97,264	[1]
Outdoor Shade Structures- various sites	<u>123,100</u>	[2]
Total	<u><u>\$ 1,928,731</u></u>	

[1] Currently in planning phase

[2] Completion date unknown at this time

Note 17 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA) and the Self-Insured Schools of California (SISC) public entity risk pools. The District pays an annual premium to VCSSFA and SISC for its workers' compensation, property liability coverage, and health benefits, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2021, the District made payments of \$1,298,478, and \$7,604,102, to VCSSFA and SISC, respectively, for services received.

Note 18 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Rio Elementary School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds and incorporated it into the General Fund. Additionally, the District restated its custodial funds beginning net position that were previously reported as liabilities. The following table describes the effects of the implementation on beginning fund balance/net position.

	General Fund	Total Governmental Funds
Beginning fund balance as previously reported as of June 30, 2020	\$ 3,909,288	\$ 34,229,822
Reclassification of student activity from agency funds into the General Fund	31,694	31,694
Fund Balance - Beginning as restated July 1, 2020	\$ 3,940,982	\$ 34,261,516
Government Activities Financial Statements		
Beginning Government Activities Net Position as previously reported as of June 30, 2020		\$ 49,957,947
Reclassification of student activity from agency funds into the General Fund		31,694
Net Position - Beginning as restated July 1, 2020		\$ 49,989,641
Custodial Fund		
Beginning net position as previously reported as of June 30, 2020		\$ -
Inclusion of beginning net position from the adoption of GASB Statement No. 84		3,723,392
Net Position - Beginning as restated July 1, 2020		\$ 3,723,392



Required Supplementary Information
June 30, 2021

Rio Elementary School District

Rio Elementary School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 49,439,491	\$ 53,134,773	\$ 53,226,651	\$ 91,878
Federal sources	3,906,369	9,963,843	8,583,991	(1,379,852)
Other State sources	2,280,085	8,865,487	9,528,513	663,026
Other local sources	3,238,360	4,228,100	4,548,995	320,895
Total revenues ¹	<u>58,864,305</u>	<u>76,192,203</u>	<u>75,888,150</u>	<u>(304,053)</u>
Expenditures				
Current				
Certificated salaries	24,815,613	26,653,130	27,437,361	(784,231)
Classified salaries	9,074,403	9,408,576	9,915,937	(507,361)
Employee benefits	15,344,976	16,103,369	18,792,158	(2,688,789)
Books and supplies	2,818,061	8,272,655	5,448,129	2,824,526
Services and operating expenditures	6,476,058	8,313,334	8,007,387	305,947
Other outgo	1,956,000	1,014,785	1,257,483	(242,698)
Capital outlay	-	91,703	120,572	(28,869)
Total expenditures ¹	<u>60,485,111</u>	<u>69,857,552</u>	<u>70,979,027</u>	<u>(1,121,475)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,620,806)</u>	<u>6,334,651</u>	<u>4,909,123</u>	<u>(1,425,528)</u>
Other Financing Sources (Uses)				
Transfers in	657,605	657,605	-	(657,605)
Transfers out	(20,000)	-	(29,970)	(29,970)
Net financing sources (uses)	<u>637,605</u>	<u>657,605</u>	<u>(29,970)</u>	<u>(687,575)</u>
Net Change in Fund Balances	(983,201)	6,992,256	4,879,153	(2,113,103)
Fund Balance - Beginning	<u>3,940,982</u>	<u>3,940,982</u>	<u>3,940,982</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,957,781</u>	<u>\$ 10,933,238</u>	<u>\$ 8,820,135</u>	<u>\$ (2,113,103)</u>

¹ On behalf payments of \$2,660,357 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures; however are not included in the original and final General Fund budgets.

Rio Elementary School District
 Budgetary Comparison Schedule – Cafeteria Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 3,379,397	\$ 10,404,950	\$ 10,861,653	\$ 456,703
Other State sources	246,700	1,355,446	1,386,284	30,838
Other local sources	375,765	6,441	8,987	2,546
Total revenues	<u>4,001,862</u>	<u>11,766,837</u>	<u>12,256,924</u>	<u>490,087</u>
Expenditures				
Current				
Classified salaries	1,399,714	1,337,452	1,235,041	102,411
Employee benefits	630,687	595,117	533,202	61,915
Books and supplies	1,942,302	6,324,745	4,278,910	2,045,835
Services and operating expenditures	(9,700)	9,674	(31,749)	41,423
Other outgo	-	49,455	289,428	(239,973)
Capital outlay	-	303,569	38,270	265,299
Total expenditures	<u>3,963,003</u>	<u>8,620,012</u>	<u>6,343,102</u>	<u>2,276,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,859</u>	<u>3,146,825</u>	<u>5,913,822</u>	<u>2,766,997</u>
Other Financing Sources				
Transfers in	<u>49,970</u>	<u>29,970</u>	<u>29,970</u>	<u>-</u>
Net Change in Fund Balances	88,829	3,176,795	5,943,792	2,766,997
Fund Balance - Beginning	<u>393,971</u>	<u>393,971</u>	<u>393,971</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 482,800</u>	<u>\$ 3,570,766</u>	<u>\$ 6,337,763</u>	<u>\$ 2,766,997</u>

Rio Elementary School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 480,186	\$ 376,390	\$ 460,137	\$ 446,171
Interest	983,750	909,804	804,038	779,814
Differences between expected and actual experience in the measurement of the total OPEB liability	-	733,175	-	-
Changes of assumptions	2,833,740	5,987,733	(1,505,964)	-
Benefit payments	(1,194,211)	(972,622)	(412,837)	(490,717)
Adjustment to prior year benefit payments	-	(730,752)	-	-
Net change in total OPEB liability	3,103,465	6,303,728	(654,626)	735,268
Total OPEB Liability - Beginning	31,542,037	25,238,309	25,892,935	25,157,667
Total OPEB Liability - Ending	\$ 34,645,502	\$ 31,542,037	\$ 25,238,309	\$ 25,892,935
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Rio Elementary School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0820%	0.0790%	0.0763%	0.0792%
Proportionate share of the net OPEB liability	\$ 347,474	\$ 294,190	\$ 292,210	\$ 333,314
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ 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.

Note : In the future, as data becomes available, ten years of information will be presented.

Rio Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0471%	0.0447%	0.0425%	0.0438%	0.0425%	0.0381%	0.0323%
Proportionate share of the net pension liability	\$ 45,601,435	\$ 40,332,476	\$ 39,090,215	\$ 40,470,585	\$ 34,362,794	\$ 25,663,257	\$ 18,873,130
State's proportionate share of the net pension liability	23,507,545	22,004,058	22,380,977	23,942,056	19,562,126	13,573,034	11,396,411
Total	<u>\$ 69,108,980</u>	<u>\$ 62,336,534</u>	<u>\$ 61,471,192</u>	<u>\$ 64,412,641</u>	<u>\$ 53,924,920</u>	<u>\$ 39,236,291</u>	<u>\$ 30,269,541</u>
Covered payroll	<u>\$ 25,259,924</u>	<u>\$ 24,695,749</u>	<u>\$ 23,190,353</u>	<u>\$ 21,335,533</u>	<u>\$ 21,456,188</u>	<u>\$ 17,692,838</u>	<u>\$ 16,207,657</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>180.53%</u>	<u>163.32%</u>	<u>168.56%</u>	<u>189.69%</u>	<u>160.15%</u>	<u>145.05%</u>	<u>116.45%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.0669%	0.0642%	0.0595%	0.0588%	0.0595%	0.0528%	0.0493%
Proportionate share of the net pension liability	\$ 20,528,261	\$ 18,711,618	\$ 15,855,591	\$ 14,046,057	\$ 11,755,335	\$ 7,778,797	\$ 5,599,658
Covered payroll	<u>\$ 9,614,817</u>	<u>\$ 8,868,171</u>	<u>\$ 7,853,371</u>	<u>\$ 7,453,420</u>	<u>\$ 7,309,445</u>	<u>\$ 5,666,366</u>	<u>\$ 5,185,512</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>213.51%</u>	<u>211.00%</u>	<u>201.90%</u>	<u>188.45%</u>	<u>160.82%</u>	<u>137.28%</u>	<u>107.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Rio Elementary School District
Schedule of District Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CaISTRS							
Contractually required contribution	\$ 4,109,838	\$ 4,319,447	\$ 4,020,468	\$ 3,346,368	\$ 2,684,010	\$ 2,302,249	\$ 1,571,124
Less contributions in relation to the contractually required contribution	4,109,838	4,319,447	4,020,468	3,346,368	2,684,010	2,302,249	1,571,124
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 25,447,913</u>	<u>\$ 25,259,924</u>	<u>\$ 24,695,749</u>	<u>\$ 23,190,353</u>	<u>\$ 21,335,533</u>	<u>\$ 21,456,188</u>	<u>\$ 17,692,838</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS							
Contractually required contribution	\$ 2,007,680	\$ 1,896,138	\$ 1,601,769	\$ 1,219,707	\$ 1,035,131	\$ 865,950	\$ 666,988
Less contributions in relation to the contractually required contribution	2,007,680	1,896,138	1,601,769	1,219,707	1,035,131	865,950	666,988
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,698,937</u>	<u>\$ 9,614,817</u>	<u>\$ 8,868,171</u>	<u>\$ 7,853,371</u>	<u>\$ 7,453,420</u>	<u>\$ 7,309,445</u>	<u>\$ 5,666,366</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

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 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.

This 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.

At June 30, 2021, the following District’s Funds exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual*	Excess
General Fund	\$ 69,857,552	\$ 71,008,997	\$ 1,151,445

*The General Fund expenditures include \$2,660,357 in contributions to CalSTRS on behalf of the District.

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. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms during the year.
- *Changes of Assumptions* – The discount rate changed from 3.13 percent to 2.45 percent and the health care trends rate was changed from 6.00 percent to 5.90 percent since the previous valuation.

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.

- *Changes in Benefits Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

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.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either CalSTRS or CalPERS plans from the previous valuations.

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.



Supplementary Information
June 30, 2021

Rio Elementary School District

Rio Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 537,283
Title II, Part A, Supporting Effective Instruction	84.367	14341	130,491
Title III, English Learner Student Program	84.365	14346	234,643
COVID-19: Governor's Emergency Education Relief Fund Learning Loss Mitigation	84.425C	15517	300,387
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	693,606
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	<u>972,580</u>
Subtotal			<u>1,966,573</u>
Passed through Ventura County Office of Education SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,010,658
Preschool Grants, Part B, Sec 619	84.173	13430	<u>36,942</u>
Subtotal Special Education (IDEA) Cluster			<u>1,047,600</u>
Total U.S. Department of Education			<u>3,916,590</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child Nutrition Cluster			
Commodities	10.555	13396	222,272
Summer Food Service Program	10.559	13004	<u>6,772,982</u>
Subtotal Child Nutrition Cluster			<u>6,995,254</u>
Child and Adult Care Food Program	10.558	13393	<u>3,866,399</u>
Total U.S. Department of Agriculture			<u>10,861,653</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed through California Department of Education			
COVID-19: Coronavirus Relief Fund (CRF)			
Learning Loss Mitigation	21.019	25516	<u>4,667,401</u>
Total U.S. Department of the Treasury			<u>4,667,401</u>
Total Federal Financial Assistance			<u>\$ 19,445,644</u>

ORGANIZATION

The Rio Elementary School District was established in 1885 and consists of an area comprising approximately 40 square miles. The District operates five elementary schools, two K - 8 schools, and two middle schools. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Cassandra Bautista	President	2024
Eleanor Torres	Clerk	2022
Kristine Anderson	Member	2024
Linda Armas	Member	2022
Edith Martinez-Cortez	Member	2022

ADMINISTRATION

Dr. John Puglisi	Superintendent
Oscar Hernandez	Assistant Superintendent, Educational Services
Wael Saleh	Assistant Superintendent, Business Services

Rio Elementary School District
 Schedule of Instructional Time
 Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	-	-	180	Complied
Grades 1 - 3					
Grade 1	180	-	-	180	Complied
Grade 2	180	-	-	180	Complied
Grade 3	180	-	-	180	Complied
Grades 4 - 6					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied
Grades 7 - 8					
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied

Rio Elementary School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Rio Elementary School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 71,676,832	\$ 73,121,963	\$ 66,168,131	\$ 61,428,126
Other sources	281,305	657,605	654,636	662,822
Total Revenues and Other Sources	<u>71,958,137</u>	<u>73,779,568</u>	<u>66,822,767</u>	<u>62,090,948</u>
Expenditures	75,144,903	68,318,669	67,351,541	61,952,605
Other uses and transfers out	-	-	33,217	32,667
Total Expenditures and Other Uses	<u>75,144,903</u>	<u>68,318,669</u>	<u>67,384,758</u>	<u>61,985,272</u>
Increase/(Decrease) in Fund Balance	<u>(3,186,766)</u>	<u>5,460,899</u>	<u>(561,991)</u>	<u>105,676</u>
Ending Fund Balance, restated	<u>\$ 5,457,152</u>	<u>\$ 8,643,918</u>	<u>\$ 3,183,019</u>	<u>\$ 3,713,315</u>
Available Reserves ²	<u>\$ 5,818,772</u>	<u>\$ 4,872,626</u>	<u>\$ 2,428,450</u>	<u>\$ 3,065,882</u>
Available Reserves as a Percentage of Total Outgo ⁴	<u>7.74%</u>	<u>7.13%</u>	<u>3.60%</u>	<u>5.30%</u>
Long-Term Liabilities including OPEB and Pensions	<u>N/A</u>	<u>\$ 199,019,073</u>	<u>\$ 187,155,121</u>	<u>\$ 162,312,138</u>
K-12 Average Daily Attendance at P-2	<u>4,964</u>	<u>5,098</u>	<u>5,098</u>	<u>5,030</u>

The General Fund balance has increased by \$4,930,603 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$3,186,766 (36.9 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in two of the past three years, but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$36,706,935 over the past two years.

Average daily attendance has increased by 68 over the past two years. A decrease of 134 ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ General Fund amounts do not include the activity related to the consolidation of the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

⁴ On behalf payments of \$4,105,750 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

Rio Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 3,760,783	\$ 866,777	\$ -	\$ 1,412,349	\$ 5,277,410	\$ 11,317,319
Receivables	6,814	693	8,262	2,646	3,797	22,212
Prepaid expenditures	101,140	-	-	-	-	101,140
Total assets	<u>\$ 3,868,737</u>	<u>\$ 867,470</u>	<u>\$ 8,262</u>	<u>\$ 1,414,995</u>	<u>\$ 5,281,207</u>	<u>\$ 11,440,671</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 50,309	\$ -	\$ -	\$ 96,744	\$ -	\$ 147,053
Fund Balances						
Nonspendable	101,140	-	-	-	-	101,140
Restricted	3,717,288	867,470	-	1,318,251	5,281,207	11,184,216
Assigned	-	-	8,262	-	-	8,262
Total fund balances	<u>3,818,428</u>	<u>867,470</u>	<u>8,262</u>	<u>1,318,251</u>	<u>5,281,207</u>	<u>11,293,618</u>
Total liabilities and fund balances	<u>\$ 3,868,737</u>	<u>\$ 867,470</u>	<u>\$ 8,262</u>	<u>\$ 1,414,995</u>	<u>\$ 5,281,207</u>	<u>\$ 11,440,671</u>

Rio Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Revenues						
Other State sources	\$ -	\$ -	\$ -	\$ -	\$ 21,133	\$ 21,133
Other local sources	2,277,711	4,486	-	785,936	4,936,050	8,004,183
Total revenues	2,277,711	4,486	-	785,936	4,957,183	8,025,316
Expenditures						
Current						
Plant services	106,140	-	-	90,000	-	196,140
Facility acquisition and construction	671,878	-	-	3,942,147	-	4,614,025
Debt service						
Principal	-	-	-	-	2,180,000	2,180,000
Interest and other	-	-	-	-	3,250,831	3,250,831
Total expenditures	778,018	-	-	4,032,147	5,430,831	10,240,996
Excess (Deficiency) of Revenues Over Expenditures	1,499,693	4,486	-	(3,246,211)	(473,648)	(2,215,680)
Other Financing Sources						
Other sources - proceeds from issuance of general obligation bonds	-	-	-	-	20,425,000	20,425,000
Other uses - payments to refunded bond escrow agent	-	-	-	-	(20,175,338)	(20,175,338)
Net Financing Sources (Uses)	-	-	-	-	249,662	249,662
Net Change in Fund Balances	1,499,693	4,486	-	(3,246,211)	(223,986)	(1,966,018)
Fund Balance - Beginning	2,318,735	862,984	8,262	4,564,462	5,505,193	13,259,636
Fund Balance - Ending	\$ 3,818,428	\$ 867,470	\$ 8,262	\$ 1,318,251	\$ 5,281,207	\$ 11,293,618

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Rio Elementary School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Rio Elementary School District, it is not intended to and does not present the financial position the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District did not report any commodities in inventory.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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 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.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

Rio Elementary School District



Independent Auditor’s 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*

To the Governing Board
Rio Elementary School District
Oxnard, California

We have audited, in accordance with 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 Rio Elementary School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Rio Elementary School District’s basic financial statements and have issued our report thereon dated January 28, 2022.

Emphasis of Matter – Change in Accounting Principles

As discussed in Notes 1 and 18 to the financial statements, Rio Elementary School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
January 28, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Rio Elementary School District
Oxnard, California

Report on Compliance for Each Major Federal Program

We have audited Rio Elementary 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 Rio Elementary School District's major federal programs for the year ended June 30, 2021. Rio Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Rio Elementary School District's 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, 2021.

Report on Internal Control over Compliance

Management of Rio Elementary 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 Rio Elementary 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 Rio Elementary School 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 28, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Rio Elementary School District
Oxnard, California

Report on State Compliance

We have audited Rio Elementary School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. 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 audit requirements of the *2020-2021 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2020-2021 that were in Kindergarten in 2019-2020.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Basis for Qualified Opinion on Classroom Teacher Salaries and Comprehensive School Safety Plan

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Rio Elementary School District did not comply with requirements regarding *Classroom Teacher Salaries*, Finding 2021-001, and *Comprehensive School Safety Plan*, Finding 2021-002. Compliance with such requirements is necessary, in our opinion, for Rio Elementary School District to comply with the requirements referred to above.

Qualified Opinion on Classroom Teacher Salaries and Comprehensive School Safety Plan

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Rio Elementary School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

Rio Elementary School District's response to the noncompliance findings identified in our audit are described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. Rio Elementary School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs

In our opinion, Rio Elementary School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 28, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Rio Elementary School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19: Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Child and Adult Care Food Program	10.558
Special Education (IDEA) Cluster	84.027, 84.173
COVID-19: Governor's Emergency Education Relief Fund Learning Loss Mitigation	84.425C
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified*
------------------------------------------------------------	-------------

*Unmodified for all programs except for the following program/s which was/were qualified

Name of Program
Classroom Teacher Salaries
Comprehensive School Safety Plans

None reported.

None reported.

The following findings represent instances of noncompliance and/or questioned costs relating to compliance with state laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
61000	Classroom Teacher Salaries

2021-001 Code 61000, Classroom Teacher Salaries

Criteria or Specific Requirements

In accordance with *Education Code* section 41372, the District is required to expend at least 55 percent of General Fund expenditures on classroom teacher salaries.

Condition

In reviewing Form CEA, it was noted that the District included certain costs in Column (4b) as reductions in the Current Expense Formula that do not qualify for reduction. As a result, the total current expense (Column 5) should be \$62,616,606 instead of \$58,855,031, as reported on Form CEA. Using the revised current expense, the District did not meet the minimum percentage required for payment of classroom teachers. With total salaries reported of \$35,316,680, the revised calculation using current expenses of \$62,616,606 results in 56.40 percent. This is 3.40 percent lower than the minimum required.

Questioned Costs

There are no questioned costs related to this finding.

Context

In reviewing Form CEA, the auditor noted that manual reductions (overrides in Column 4b), included certain items that do not qualify for reduction. The resulting revised calculation indicated the District did not meet the minimum required 60% of adjusted General Fund expenditures for classroom teacher salaries.

Effect

The noncompliance resulted in the District's Minimum Classroom Compensation being deficient by \$2,253,284 or 3.40% of adjusted General Fund expenditures.

Cause

As a result of the District receiving significant sources of new funding from CRF, ESSER and GEER to be used specifically for COVID-19 related expenditures, the District's ratio was not maintained. These one-time funding sources were not eligible for exclusion from the calculation.

Repeat Finding (Yes or No)

No.

Recommendation

The District should consider reviewing this calculation for compliance during interim budget periods and make adjustments where available. In addition, as a result of the new funding that is ineligible for exclusion, the District should consider applying for a waiver for this requirement.

Corrective Action Plan and Views of Responsible Official

The District has reviewed the finding and agrees with the cause listed in it. The District does not expect to have as large of one-time COVID funds in the future and anticipate the required percentage to be met moving forward.

The Director of Fiscal Services and staff have reviewed the processes for form CEA including what is qualified as reductions in column 4B and have implemented new procedures during interim budget reporting to review expenditures in order to maintain the District's 60 percent ratio.

2021-002 Code 40000, Comprehensive School Safety Plans

Criteria or Specific Requirements

Education Code Section 32286 requires that each site shall forward its comprehensive school safety plan to the school district or county office of education for approval prior to March 1 each year. The code also specifies a process for gathering input from members of the school community and the public. *Education Code* Section 32282 specifies the components to be addressed by the plans.

Condition

The District's governing board did not review and approve the 2020-2021 comprehensive school safety plans prior to March 1, 2021, as described in *Education Code* section 32286.

Questioned Costs

There are no questioned costs related to this finding.

Context

We noted the deficiency during our review of the comprehensive school safety plan approval process.

Effect

The effect of the deficiency is a lack of district approval of the 2020-2021 comprehensive school safety plans prior to March 1, 2021.

Cause

It appears that the District was not aware of its responsibility to document its review and approval of the 2020-2021 comprehensive school safety plans prior to March 1, 2021.

Repeat Finding (Yes or No)

No.

Recommendation

We recommend that the District ensure that the sites have developed plans that meet the required criteria by reviewing and approving the plans each year prior to the March 1 deadline as described in *Education Code* section 32286.

Corrective Action Plan and Views of Responsible Official

The District was not aware that the safety plans had to be done by March 1st of each year. For the last several years, we have submitted them on the March or April Board Agenda for approval and have not had any issues. Now that we know that, we will start preparing the Safety Plans earlier and have them Board Approved no later than February of each year.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.:

2020-001 30000

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of supporting documentation to ensure that all transactions have been captured in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our review of the Community Facilities District (CFD) debt refunding and the related trustee statements, we noted that the District's investments related to the CFD component unit, as reported in the District's agency Fund 52, are materially misstated by approximately \$4.5 million. This overstatement is due to refunding activity during 2019-2020, in which the balances in these accounts was transferred to the District's Fund 49 and to accounts to be used to repay the refunded bonds. This constitutes a material weakness in the District's internal controls over the refunding transactions.

Questioned Costs

There were no questioned costs associated with the condition noted.

Context

The condition was identified through review of available District records related to the CFD debt refunding.

Effect

Due to the condition identified, the investment balance in Fund 52 was overstated by approximately \$4.5 million.

Cause

The cause of the condition identified appears to be due to inadequate review of the CFD debt refunding transactions and the yearend investment balances reported in the trustee account statements.

Repeat Finding (Yes or No)

No.

Recommendation

Management should review financial statement to ensure that generally accepted accounting principles have been followed. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

Corrective Action Plan

Implemented.