Financial Statements
June 30, 2020

Rio Elementary School District

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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, 2020, 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.

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 77 through 78, schedule of changes in the District's total OPEB liability and related ratios on page 79, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 80, schedule of the District's proportionate share of the net pension liability on page 81, and the schedule of District contributions on page 82, 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 and individual nonmajor 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 and individual nonmajor 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 and individual nonmajor 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 March 10, 2021 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.

Eide Bailly LLP

Rancho Cucamonga, California
March 10, 2021

SCHOOL DISTRICT

EDUCATING LEARNERS FOR THE 21ST CENTURY

This section of Rio Elementary School District's (the District) 2019-2020 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. 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 and deferred outflows of resource of the District (including capital assets) as well as all liabilities and deferred inflows of resources (including long-term obligations). 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 agency funds, which 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 out flow 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 - Most 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 - Most 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 associated student body activities and Community Facilities District (CFD) debt service. The District's fiduciary activities are reported in the Statement of Fiduciary 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 $49,957,947 for the fiscal year ended June 30, 2020. Of this amount, $(66,888,520) 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	
	2020	2019
Assets		
Current and other assets	$ 44,008,181	$ 48,034,991
Capital assets	181,688,893	163,062,280
Total assets	225,697,074	211,097,271
Deferred outflows of resources	27,258,033	20,230,281
Liabilities		
Current liabilities	11,168,624	8,433,657
Long-term liabilities other than OPEB and pensions due in more than one year	96,274,800	81,835,813
OPEB liability	31,836,227	25,530,519
Aggregate net pension liability	59,044,094	54,945,806
Total liabilities	198,323,745	170,745,795
Deferred inflows of resources	4,673,415	4,258,577
Net Position		
Net investment in capital assets	104,167,084	104,981,974
Restricted	12,679,383	11,418,119
Unrestricted (deficit)	(66,888,520)	(60,076,913)
Total net position	$ 49,957,947	$ 56,323,180

The $(66,888,520) 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 $(66,888,520) 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	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 780,980	$ 375,540
Operating grants and contributions	17,837,424	13,919,356
Capital grants and contributions	16,851	62,334
General revenues		
Federal and State aid not restricted	43,630,966	42,425,662
Property taxes	16,412,049	14,911,457
Other general revenues	899,283	4,849,171
Total revenues	79,577,553	76,543,520
Expenses		
Instruction-related	58,456,541	59,740,609
Pupil services	9,043,128	8,996,919
Administration	5,602,125	4,849,457
Plant services	7,529,173	6,348,449
All other services	5,311,819	5,091,494
Total expenses	85,942,786	85,026,928
Change in net position	$ (6,365,233)	$ (8,483,408)

Governmental Activities

As reported in the Statement of Activities on page 15, the cost of all or our governmental activities this year was $85,942,786. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $16,412,049 (levied for general purposes and for debt service) because the cost was paid by those who benefitted from the programs ($780,980) or by other governments and organizations who subsidized certain programs with grants and contributions ($17,854,275). We paid for the remaining "public benefit" portion of our governmental activities with $43,630,966 in unrestricted Federal and State funds, and $899,283 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	
	2020	2019	2020	2019
Instruction-related	$ 58,456,541	$ 59,740,609	$ (47,649,437)	$ (49,984,411)
Pupil services	9,043,128	8,996,919	(3,138,075)	(4,968,498)
Administration	5,602,125	4,849,457	(5,146,532)	(4,689,792)
Plant services	7,529,173	6,348,449	(7,073,313)	(6,329,462)
All other services	5,311,819	5,091,494	(4,300,174)	(4,697,535)
Total	$ 85,942,786	$ 85,026,928	$ (67,307,531)	$ (70,669,698)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $34,229,822, which is a decrease of $4,978,798, or 12.7 percent, over the last year.

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
General	$ 5,034,076	$ 66,290,094	$ 67,414,882	$ 3,909,288
Cafeteria	23,519	4,744,859	4,374,407	393,971
Building	22,224,628	14,368,141	19,925,842	16,666,927
Capital Project Fund for Blended Component Units	2,317,723	3,255,732	1,008,993	4,564,462
Bond Interest and Redemption	4,525,385	7,867,557	6,887,749	5,505,193
Capital Facilities	3,042,777	1,107,985	1,832,027	2,318,735
County School Facilities	846,133	16,851	-	862,984
Special Reserve Fund for Capital Outlay Projects	1,194,379	1,008,273	2,194,390	8,262
Total	$ 39,208,620	$ 98,659,492	$ 103,638,290	$ 34,229,822

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 18, 2020. 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 77.

- The increase in other State revenue is primarily attributable to recognizing CalSTRS on behalf payment of $3,907,768 in actual State revenues, but was not included in the budgeted amounts. In addition, other funds are consolidated into the General Fund for reporting purposes. However, these funds revenues were not included in the General Fund budgets.

- The District settled with bargaining units for 1 percent one-time bonus after the 2nd Interim Budget was finalized. This caused variances in the certificated and classified salary areas. The majority of the variance in reporting employee benefits is attributable to recognizing CalSTRS on behalf payment of $3,907,768 in actual revenues and expenditures, but not in the budgeted amounts. In addition, Due to Covid-19, there were expenditures totaling $257,169 consolidated into the General Fund for reporting purposes. However, these funds revenues were not included in the General Fund budgets. Overall actual year-end expenditures were more than budgeted. As a note, categorical program budgets which were not fully expended are reserved and carried over to the next fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District had $181,688,893 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 $18,626,613, or 11.4 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 29,093,814	$ 11,670,904
Land improvements	3,371,436	3,445,971
Buildings and improvements	147,708,295	146,302,588
Equipment	1,515,348	1,642,817
Total	$ 181,688,893	$ 163,062,280

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

At the end of this year, the District had $96,274,800 in long-term liabilities outstanding other than OPEB and pensions versus $81,835,813 last year, an increase of 14,438,987, or 17.6 percent. The long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 87,179,659	$ 70,900,000
Unamortized premium	5,779,263	5,352,343
Certificates of participation	1,860,000	4,345,000
Unamortized premium	358,475	397,090
Supplemental early retirement incentive	185,546	371,092
Supplemental retirement	58,000	56,000
Retirement incentive	480,000	-
Legal settlement	-	12,194
Compensated absences	373,857	402,094
Total	$ 96,274,800	$ 81,835,813

The District's general obligation bond rating for the last bond sale in April 2020 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 $87,179,659 is below the statutorily-imposed limit.

OPEB and Pension Liabilities

At year-end, the District had an OPEB liability of $31,836,227, versus $25,530,519 last year, an increase of $6,305,708, or 24.7 percent.

At year-end, the District had a net pension liability of $59,044,094, versus $54,945,806 last year, an increase of $4,098,288, or 7.5 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District budget and actuals for the 2019-2020 year, the governing board and management used the following criteria:

Assumption	2019-2020
Revenues:	
Average Daily Attendance (ADA)	5119
Funded ADA *	5119
Cost of Living Adjustments	3.26%
LCFF Calculator	FCMAT
LCFF Gap Funding Percentage	100.00%
One Time Contribution to General Fund	$555,675
Restricted Lottery Revenues	$53/ADA
Unrestricted Lottery	$151/ADA
Carryovers from Prior Year	Included
Expenditures:	
Step and Column Adjustments	Actual Cost
Salary Increases/Settlements	1% One Time
Certificated Staffing Changes	Budgeted
Administrator Staffing Changes	Budgeted
Classified Staffing Due Changes	Budgeted
STRS	16.7%
PERS	20.733%
Cost of Health Increase	Actual Cost
Carry-overs from Prior Year	Included
Utilities	Budgeted

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	652
Grades first through second	26:1	1073
Grade three	30:1	582
Grades four through eight	31:1	3010

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.

	Governmental Activities
Assets	
Deposits and investments	$ 33,785,932
Receivables	9,924,864
Prepaid items	248,562
Stores inventories	48,823
Capital assets not depreciated	29,093,814
Capital assets, net of accumulated depreciation	152,595,079
Total assets	225,697,074
Deferred Outflows of Resources	
Deferred charge on refunding	988,661
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	6,857,559
Deferred outflows of resources related to pensions	19,411,813
Total deferred outflows of resources	27,258,033
Liabilities	
Accounts payable	9,683,486
Interest payable	1,390,265
Unearned revenue	94,873
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,745,546
Long-term liabilities other than OPEB and pensions due in more than one year	93,529,254
OPEB liability	31,836,227
Aggregate net pension liability	59,044,094
Total liabilities	198,323,745
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB liability	1,087,640
Deferred inflows of resources related to pensions	3,585,775
Total deferred inflows of resources	4,673,415
Net Position	
Net investment in capital assets	104,167,084
Restricted for	
Debt service	4,114,928
Capital projects	7,738,681
Educational programs	466,916
Other restrictions	358,858
Unrestricted	(66,888,520)
Total net position	$ 49,957,947

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 50,952,657	$ 37	$ 9,758,211	$ 16,851	$ (41,177,558)
Instruction-related activities					
Supervision of instruction	1,625,345	-	542,436	-	(1,082,909)
Instructional library, media, and technology	1,306,542	-	60,938	-	(1,245,604)
School site administration	4,571,997	-	428,631	-	(4,143,366)
Pupil services					
Home-to-school transportation	1,277,646	-	15,865	-	(1,261,781)
Food services	4,319,075	234,325	4,707,545	-	622,795
All other pupil services	3,446,407	-	947,318	-	(2,499,089)
Administration					
Data processing	777,921	-	-	-	(777,921)
All other administration	4,824,204	11,150	444,443	-	(4,368,611)
Plant services	7,529,173	409,265	46,595	-	(7,073,313)
Ancillary services	36,192	-	1,404	-	(34,788)
Enterprise services	370	-	-	-	(370)
Interest on long-term liabilities	3,504,228	-	-	-	(3,504,228)
Other outgo	1,771,029	126,203	884,038	-	(760,788)
Total governmental activities	$ 85,942,786	$ 780,980	$ 17,837,424	$ 16,851	(67,307,531)
General Revenues and Subventions					
Property taxes, levied for general purposes					11,896,774
Property taxes, levied for debt service					3,987,507
Taxes levied for other specific purposes					527,768
Federal and State aid not restricted to specific purposes					43,630,966
Interest and investment earnings					266,086
Interagency revenues					44,166
Miscellaneous					589,031
Subtotal, general revenues					60,942,298
Change in Net Position					(6,365,233)
Net Position - Beginning					56,323,180
Net Position - Ending					$ 49,957,947

	General Fund	Cafeteria Fund	Building Fund	Capital Projects Fund for Blended Component Units
Assets				
Deposits and investments	$ 1,537,334	$ 342,639	$ 18,368,921	$ 4,535,963
Receivables	8,151,476	1,578,516	110,010	28,192
Due from other funds	1,176,651	39,786	56,910	-
Prepaid expenditures	237,250	-	3,812	7,500
Stores inventories	13,710	35,113	-	-
Total assets	$ 11,116,421	$ 1,996,054	$ 18,539,653	$ 4,571,655
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 7,015,564	$ 431,216	$ 1,867,949	$ 7,193
Due to other funds	96,696	1,170,867	4,777	-
Unearned revenue	94,873	-	-	-
Total liabilities	7,207,133	1,602,083	1,872,726	7,193
Fund Balances				
Nonspendable	255,960	35,113	-	7,500
Restricted	466,916	358,858	16,666,927	4,556,962
Assigned	757,962	-	-	-
Unassigned	2,428,450	-	-	-
Total fund balances	3,909,288	393,971	16,666,927	4,564,462
Total liabilities and fund balances	$ 11,116,421	$ 1,996,054	$ 18,539,653	$ 4,571,655

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 5,478,713	$ 3,522,362	$ 33,785,932
Receivables	26,480	30,190	9,924,864
Due from other funds	-	1,553	1,274,900
Prepaid expenditures	-	-	248,562
Stores inventories	-	-	48,823
Total assets	$ 5,505,193	$ 3,554,105	$ 45,283,081
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 361,564	$ 9,683,486
Due to other funds	-	2,560	1,274,900
Unearned revenue	-	-	94,873
Total liabilities	-	364,124	11,053,259
Fund Balances			
Nonspendable	-	-	298,573
Restricted	5,505,193	3,181,719	30,736,575
Assigned	-	8,262	766,224
Unassigned	-	-	2,428,450
Total fund balances	5,505,193	3,189,981	34,229,822
Total liabilities and fund balances	$ 5,505,193	$ 3,554,105	$ 45,283,081

Total Fund Balance - Governmental Funds		$ 34,229,822
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 231,089,040	
Accumulated depreciation is	(49,400,147)	
Net capital assets		181,688,893
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.		(1,390,265)
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:		
Deferred charge on refunding	988,661	
Other postemployment benefits (OPEB) liability	6,857,559	
Net pension liability	19,411,813	
Total deferred outflows of resources to pensions		27,258,033
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:		
OPEB liability	(1,087,640)	
Net pension liability	(3,585,775)	
Total deferred inflows of resources to pensions		(4,673,415)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(59,044,094)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(31,836,227)

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	$ (87,179,659)	
Premium on issuance of general obligation bonds	(5,779,262)	
Certificates of participation	(1,860,000)	
Premiums on issuance of certificates of participation	(358,475)	
Supplemental early retirement incentive	(185,546)	
Supplemental retirement	(58,000)	
Retirement incentive	(480,000)	
Compensated absences (vacations)	(373,857)	
Total long-term liabilities		(96,274,800)
Total net position - governmental activities		$ 49,957,947

	General Fund	Cafeteria Fund	Building Fund	Capital Projects Fund for Blended Component Units
Revenues				
Local Control Funding Formula	$ 53,568,619	$ -	$ -	$ -
Federal sources	2,552,240	4,142,283	-	-
Other State sources	6,614,875	285,895	-	-
Other local sources	3,554,360	253,494	445,905	3,255,732
Total revenues	66,290,094	4,681,672	445,905	3,255,732
Expenditures				
Current				
Instruction	44,262,461	-	-	-
Instruction-related activities				
Supervision of instruction	1,533,934	-	-	-
Instructional library, media, and technology	1,237,410	-	-	-
School site administration	3,985,763	-	-	-
Pupil services				
Home-to-school transportation	1,186,266	-	-	-
Food services	11,801	4,167,900	-	-
All other pupil services	3,141,269	-	-	-
Administration				
Data processing	718,308	-	-	-
All other administration	3,747,918	185,717	-	-
Plant services	5,592,849	-	-	293,821
Ancillary services	34,809	-	-	-
Other outgo	1,771,030	-	-	-
Facility acquisition and construction	127,877	20,790	19,749,867	715,172
Debt service				
Principal	-	-	-	-
Interest and other	-	-	175,975	-
Total expenditures	67,351,695	4,374,407	19,925,842	1,008,993
Excess (Deficiency) of Revenues Over Expenditures	(1,061,601)	307,265	(19,479,937)	2,246,739
Other Financing Sources (Uses)				
Transfers in	-	63,187	-	-
Other sources - proceeds from issuance of general obligation bonds	-	-	13,922,236	-
Other sources - premium from issuance of general obligation bonds	-	-	-	-
Other sources - proceeds from note receivable	-	-	-	-
Transfers out	(63,187)	-	-	-
Other uses - payments to certificates of participation escrow agent	-	-	-	-
Net Financing Sources (Uses)	(63,187)	63,187	13,922,236	-
Net Change in Fund Balances	(1,124,788)	370,452	(5,557,701)	2,246,739
Fund Balance - Beginning	5,034,076	23,519	22,224,628	2,317,723
Fund Balance - Ending	$ 3,909,288	$ 393,971	$ 16,666,927	$ 4,564,462

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ -	$ 53,568,619
Federal sources	-	-	6,694,523
Other State sources	18,167	-	6,918,937
Other local sources	4,045,349	1,133,109	12,687,949
Total revenues	4,063,516	1,133,109	79,870,028
Expenditures			
Current			
Instruction	-	-	44,262,461
Instruction-related activities			
Supervision of instruction	-	-	1,533,934
Instructional library, media, and technology	-	-	1,237,410
School site administration	-	-	3,985,763
Pupil services			
Home-to-school transportation	-	-	1,186,266
Food services	-	-	4,179,701
All other pupil services	-	-	3,141,269
Administration			
Data processing	-	-	718,308
All other administration	-	-	3,933,635
Plant services	-	106,833	5,993,503
Ancillary services	-	-	34,809
Other outgo	-	-	1,771,030
Facility acquisition and construction	-	3,919,584	24,533,290
Debt service			
Principal	730,000	-	730,000
Interest and other	3,135,226	-	3,311,201
Total expenditures	3,865,226	4,026,417	100,552,580
Excess (Deficiency) of Revenues Over Expenditures	198,290	(2,893,308)	(20,682,552)
Other Financing Sources (Uses)			
Transfers in	-	-	63,187
Other sources - proceeds from issuance of general obligation bonds	3,087,423	-	17,009,659
Other sources - premium from issuance of general obligation bonds	716,618	-	716,618
Other sources - proceeds from note receivable	-	1,000,000	1,000,000
Transfers out	-	-	(63,187)
Other uses - payments to certificates of participation escrow agent	(3,022,523)	-	(3,022,523)
Net Financing Sources (Uses)	781,518	1,000,000	15,703,754
Net Change in Fund Balances	979,808	(1,893,308)	(4,978,798)
Fund Balance - Beginning	4,525,385	5,083,289	39,208,620
Fund Balance - Ending	$ 5,505,193	$ 3,189,981	$ 34,229,822

Total Net Change in Fund Balances - Governmental Funds		$ (4,978,798)
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 in the period.		
Capital outlays	$ 23,586,615	
Depreciation expense	(4,960,002)	
Net expense adjustment		18,626,613
The District received $1,000,000 payment toward a loan made in a prior year to the purchaser of surplus property. In addition, per contract term the District wrote-off $500,000 of the note receivable due to certain terms of the contract not being met. The payment reduces the prior year to the purchaser of surplus property. The payment and write-off reduces the balance of the outstanding note.		(1,500,000)
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.		28,237
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.		(296,454)
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 net pension liability during the year.		(4,565,847)
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.		475,604

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.	$ (17,009,659)
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:	
Premium on issuance	(716,618)
Deferred charge on refunding	537,523
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	730,000
Certificates of participation	2,485,000
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	328,313
Amortization deferred charge on refunding	(238,362)
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 accrued interest on the general obligation bonds and certificates of participation increasing by $282,979.	(282,979)
The District reached a settlement agreement during the 2005-2006 fiscal year. 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 government-wide financial statements, however, which are presented on the accrual basis, expenses and liabilities are reported when incurred, regardless of when financial resources are available. The amount of settlement paid in the current year was:	12,194
Change in net position of governmental activities	$ (6,365,233)

Rio Elementary School District

	Agency Funds
Assets	
Deposits and investments	$ 3,837,638
Receivables	10,928
Total assets	$ 3,848,566
Liabilities	
Accounts payable	$ 24,000
Due to student groups	101,174
Due to bond holders	3,723,392
Total liabilities	$ 3,848,566

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.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39. Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Rio Elementary School District Community Facilities District No. 1's (CFD) capital outlay activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units.

Special tax bonds issued by the CFD are not included as long-term liabilities in the government-wide financial statements as they are not obligations of the District. Monies collected for this non-obligatory debt is accounted for in the CFD Debt Service Agency Funds. See Note 11 for additional information.

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.

Two funds currently defined as a special revenue funds in the California School Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically Fund 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds functions effectively as an extension of the General Fund, and accordingly have 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 $757,964.

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.

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).

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).

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).

Fiduciary Funds Fiduciary Fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for the CFD Debt Service and the student body activities (ASB).

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. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

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 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 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, differences between expected and actual earnings on investments, 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.

Fund Balances - Governmental Funds

As of June 30, 2020, 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 $12,679,383 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

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

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

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

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

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

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, 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.

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

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

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

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

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

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District’s financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 33,785,932
Fiduciary funds	3,837,638
Total deposits and investments	$ 37,623,570

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

Cash on hand and in banks	$ 104,929
Cash with fiscal agent	12,559
Cash in revolving	5,000
Investments	37,501,082
Total deposits and investments	$ 37,623,570

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	$ 36,202,536	249
Investco Private Capital - Treasury Portfolio	1,298,546	57
Total	$ 37,501,082	

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, 2020, 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.

Uncategorized - Investments in the Ventura County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share. The Ventura County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

The District's fair value measurements are as follows at June 30, 2020:

		Fair Value Measurements Using	
Investment Type	Reported Amount	Level 2 Inputs	Uncategorized
Ventura County Treasury Investment Pool	$ 36,202,536	$ -	$ 36,202,536
Investco Private Capital - Treasury Portfolio	1,298,546	1,298,546	-
Total	$ 37,501,082	$ 1,298,546	$ 36,202,536

Note 4 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government								
Categorical aid	$ 1,155,327	$ 1,460,297	$ -	$ -	$ -	$ -	$ 2,615,624	$ -
State Government								
LCFF apportionment	6,118,587	-	-	-	-	-	6,118,587	-
Categorical aid	287,674	115,057	-	-	-	-	402,731	-
Lottery	225,987	-	-	-	-	-	225,987	-
Local Government								-
Interest	241,277	3,162	110,010	28,192	26,480	30,190	439,311	-
Other local sources	122,624	-	-	-	-	-	122,624	10,928
Total	$ 8,151,476	$ 1,578,516	$ 110,010	$ 28,192	$ 26,480	$ 30,190	$ 9,924,864	$ 10,928

Note 5 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 11,079,879	$ -	$ -	$ 11,079,879
Construction in progress	591,025	17,422,910	-	18,013,935
Total capital assets not being depreciated	11,670,904	17,422,910	-	29,093,814
Capital assets being depreciated				
Land improvements	7,014,591	283,339	-	7,297,930
Buildings and improvements	181,396,959	5,393,528	-	186,790,487
Furniture and equipment	7,419,971	486,838	-	7,906,809
Total capital assets being depreciated	195,831,521	6,163,705	-	201,995,226
Total capital assets	207,502,425	23,586,615	-	231,089,040
Accumulated depreciation				
Land improvements	(3,568,620)	(357,874)	-	(3,926,494)
Buildings and improvements	(35,094,371)	(3,987,821)	-	(39,082,192)
Furniture and equipment	(5,777,154)	(614,307)	-	(6,391,461)
Total accumulated depreciation	(44,440,145)	(4,960,002)	-	(49,400,147)
Governmental activities capital assets, net	$ 163,062,280	$ 18,626,613	$ -	$ 181,688,893

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 3,868,877
School site administration	297,606
Home-to-school transportation	99,203
All other pupil services	99,203
Data processing	49,501
All other administration	248,006
Plant services	297,606
Total depreciation expenses governmental activities	$ 4,960,002

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, 2020, between major and non-major governmental funds are as follows:

	Due From				
Due To	General Fund	Cafeteria Fund	Building Funds	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1,170,867	$ 4,777	$ 1,007	$ 1,176,651
Cafeteria Fund	39,786	-	-	-	39,786
Building Fund	56,910	-	-	-	56,910
Non-Major Governmental Funds	-	-	-	1,553	1,553
Total	$ 96,696	$ 1,170,867	$ 4,777	$ 2,560	$ 1,274,900

The balance of $1,170,867, due to the General Fund from the Cafeteria Fund resulted from a $1,000,000 loan and current-year indirect cost charges.	$ 1,170,867
The balance of $4,777, due to the General Fund from the Building Fund is to reimburse for construction costs paid by the General Fund.	4,777
The balance of $1,007 due to the General Fund from the Capital Facilities Non-Major Governmental Fund is to reimburse the General Fund for eligible projects.	1,007
The balance of $39,786 due to the Cafeteria Fund from the General Fund is to reimburse the Cafeteria Fund for unpaid student meals.	39,786
The balance of $56,910 due to the Building Fund from the General Fund is to reimburse the Building Fund for Chromebooks and WiFi cards purchased for distance learning.	56,910
The balance of $1,553 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the Capital Facilities Non-Major Governmental Fund is to reimburse for excess costs on the Solar Drive property.	1,553
	$ 1,274,900

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

The General Fund transferred to the Cafeteria Fund to cover salary increases and for a program contribution.	$ 63,187

Note 7 - Loan Receivable

The Rio Elementary School District sold a real property and as part of the sales transaction, the District provided a loan to the purchasing party (the borrower). The total amount of the loan provided to the borrower under the agreement was $7,000,000. Under the agreement, the borrower was required to make a series of payments. During the year ended June 30, 2020, the final payment was made.

Note 8 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total	Fiduciary Funds
State LCFF apportionment	$ 3,465,461	$ -	$ -	$ -	$ -	$ 3,465,461	$ -
Vendor payables	678,271	392,018	43,017	-	360,011	1,473,317	24,000
Salaries and benefits	1,933,698	39,198	-	-	-	1,972,896	-
Due to local governments	934,039	-	-	-	-	934,039	-
Construction	-	-	1,821,093	7,193	-	1,828,286	-
Other	4,095	-	3,839	-	1,553	9,487	-
Total	$ 7,015,564	$ 431,216	$ 1,867,949	$ 7,193	$ 361,564	$ 9,683,486	$ 24,000

Note 9 - 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, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 70,900,000	$ 17,009,659	$ (730,000)	$ 87,179,659	$ 2,180,000
Unamortized premium	5,352,343	716,618	(289,698)	5,779,263	-
Certificates of participation	4,345,000	-	(2,485,000)	1,860,000	-
Unamortized premium	397,090		(38,615)	358,475	
Supplemental early retirement incentive	371,092	-	(185,546)	185,546	185,546
Supplemental retirement	56,000	2,000	-	58,000	-
Retirement incentive	-	480,000	-	480,000	380,000
Legal settlement	12,194	-	(12,194)	-	-
Compensated absences	402,094	-	(28,237)	373,857	-
Total	$ 81,835,813	$ 18,208,277	$ (3,769,290)	$ 96,274,800	$ 2,745,546

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 legal settlement. 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, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
6/4/2015	8/1/2044	2.000-4.000%	$ 20,000,000	$ 18,855,000	$ -	$ -	$ 18,855,000
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	9,035,000	-	(730,000)	8,305,000
2/28/2019	8/1/2048	4.000-5.000%	23,000,000	23,000,000	-	-	23,000,000
2/28/2019	8/1/2021	2.800-2.875%	1,510,000	1,510,000	-	-	1,510,000
4/15/2020	8/1/2043	3.250-4.170%	13,922,236	-	13,922,236	-	13,922,236
4/15/2020	8/1/2028	3.650-4.000%	3,087,423	-	3,087,423	-	3,087,423
				$ 70,900,000	$ 17,009,659	$ (730,000)	$ 87,179,659

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 Series A bonds were issued as current interest bonds with an aggregate principal debt service balance of $20,000,000. 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, 2020, the principal outstanding was $18,855,000, and unamortized premium received on issuance was $356,057.

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 Series B bonds were issued as current interest bonds with an aggregate principal debt service balance of $18,500,000. 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 will be used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2020, the principal outstanding was $18,500,000. Unamortized premium received on issuance was $1,073,859.

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, 2020, the principal balance outstanding was $8,305,000, and unamortized premium on issuance and deferred charge on refunding were $1,450,676 and $190,502, 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 Series A bonds were issued as current interest bonds with an aggregate principal debt service balance of $23,000,000. 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, 2020, the principal outstanding was $23,000,000 and unamortized premium received on issuance was $2,187,385.

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 Series B bonds were issued as current interest bonds with an aggregate principal debt service balance of $1,510,000. 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, 2020, the principal outstanding was $1,510,000 and deferred charge on refunding was $125,584.

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 were issued at an aggregate price of $14,638,854 (representing the principal amount of $13,922,236 plus an original issue premium of $716,854 less cost of issuance of $892,594). 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, 2020, the principal outstanding was $13,922,236 and unamortized premium received on issuance was $711,286.

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 were issued at an aggregate price of $3,022,523 (representing the principal amount of $3,087,423 less cost of issuance of $64,900). The bonds have a final maturity to occur on August 1, 2023, with interest rates ranging from 3.65 to 4.00 percent. Proceeds from the sale of bonds was be used to finance the partial repayment of the District's outstanding 2016 Refunding Certificates of Participation. At June 30, 2020, the principal outstanding was $3,087,423 and deferred charge on refunding was $525,080.

Debt Service Requirements to Maturity

The bonds mature through 2049 as follows:

Fiscal Year	Principal	Unaccreted Interest	Interest to Maturity	Total
2021	$ 2,180,000	$ -	$ 3,239,688	$ 5,419,688
2022	1,825,000	-	3,219,138	5,044,138
2023	1,575,000	-	3,144,925	4,719,925
2024	1,780,000	-	3,070,600	4,850,600
2025	1,650,000	-	2,994,700	4,644,700
2026-2030	8,233,364	296,636	14,019,525	22,549,525
2031-2035	12,211,455	2,258,545	12,582,369	27,052,369
2036-2040	15,981,252	2,738,748	10,617,163	29,337,163
2041-2045	25,918,588	3,331,412	6,701,387	35,951,387
2046-2049	15,825,000	-	1,356,850	17,181,850
Total	$ 87,179,659	$ 8,625,341	$ 60,946,345	$ 156,751,345

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, 2020, the principal balance outstanding was $1,860,000, and unamortized premium on issuance and deferred charge on refunding were $358,474, and $147,495, respectively.

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

Year Ending June 30,	Principal	Interest	Total
2021	$ -	$ -	$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026-2030	1,065,000	240,600	1,305,600
2031-2032	795,000	48,000	843,000
Total	$ 1,860,000	$ 288,600	$ 2,148,600

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 remaining obligation to the PARS Early Retirement Incentive of $185,456 is due 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, 2020, there were a total of two employees eligible to receive the supplemental retirement payments. The current outstanding liability to the District is $58,000.

Retirement Incentive

During the 2019-2020 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, 2020. Retirees had the option of receiving one payment of $20,000 during the 2020-2021 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
2021	$ 380,000
2022	100,000
Total	$ 480,000

Legal Settlement

During the 2005-2006 fiscal year, the District reached a settlement agreement with the former superintendent. The original agreement stipulated that the District would make five annual payments to the former superintendent and two annual payments for attorney fees. The total liability to the District was $36,578, including accrued interest. Since the original agreement, the District has renegotiated the terms of the settlement numerous times to allow for financial flexibility. During the 2019-2020 fiscal year, the District made the final payment for the settlement. The outstanding balance is zero.

Compensated absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $373,857.

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, 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	$ 31,542,037	$ 6,857,559	$ 1,087,640	$ 1,254,511
Medicare Premium Payment (MPP) Program	294,190	-	-	1,980
Total	$ 31,836,227	$ 6,857,559	$ 1,087,640	$ 1,256,491

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	455
Total	546

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, 2019, the District paid $972,622 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $31,542,037, was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, 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	3.13	percent
Healthcare cost trend rates	6.00	percent

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

	Total OPEB Liability
Balance, June 30, 2018	$ 25,238,309
Service cost	376,390
Interest	909,804
Differences between expected and actual experience in the measurement of the total OPEB liability	733,175
Changes of assumptions or other inputs	5,987,733
Benefit payments	(972,622)
Adjustment to prior year benefits payment	(730,752)
Net change in total OPEB liability	6,303,728
Balance, June 30, 2019	$ 31,542,037

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 (2.13%)	$ 35,926,026
Current discount rate (3.13%)	31,542,037
1% increase (4.13%)	27,885,581

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 (5.00%)	$ 27,710,316
Current healthcare cost trend rate (6.00%)	31,542,037
1% increase (7.00%)	36,135,670

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

For the year ended June 30, 2020, the District recognized OPEB expense of $1,254,511. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amount paid by the District for OPEB as the benefits come due subsequent to measurement date	$ 1,044,882	$ -
Differences between expected and actual experience in the measurement of the total OPEB liability	634,097	-
Changes of assumptions	5,178,580	1,087,640
Total	$ 6,857,559	$ 1,087,640

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
2021	$ 699,069
2022	699,069
2023	699,069
2024	699,069
2025	699,069
Thereafter	1,229,692
Total	$ 4,725,037

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, 2018 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, 2020, the District reported a liability of $294,190 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0790 percent, and 0.0763 percent, resulting in a net increase in the proportionate share of 0.0027 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $1,980.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 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 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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

The following presents the District's proportionate share of the net OPEB liability 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:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 321,028
Current discount rate (3.50%)	294,190
1% increase (4.50%)	269,513

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:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	$ 275,744
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	294,190
1% increase (4.70% Part A and 5.10% Part B)	331,035

Note 11 - 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 as of June 30, 2020, of $64,865,000.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable							
Revolving cash	$ 5,000	$ -	$ -	$ -	$ -	$ -	$ 5,000
Stores inventories	13,710	35,113	-	-	-	-	48,823
Prepaid expenditures	237,250	-	-	7,500	-	-	244,750
Total nonspendable	255,960	35,113	-	7,500	-	-	298,573
Restricted							
Legally restricted programs	466,916	-	-	-	-	-	466,916
Food service	-	358,858	-	-	-	-	358,858
Capital projects	-	-	16,666,927	4,556,962	-	3,181,719	24,405,608
Debt services	-	-	-	-	5,505,193	-	5,505,193
Total restricted	466,916	358,858	16,666,927	4,556,962	5,505,193	3,181,719	30,736,575
Assigned							
Postemployment benefits	757,962	-	-	-	-	-	757,962
Capital projects	-	-	-	-	-	8,262	8,262
Total assigned	757,962	-	-	-	-	8,262	766,224
Unassigned							
Reserve for economic uncertainties	2,046,696				-	-	2,046,696
Remaining unassigned	381,754	-	-	-	-	-	381,754
Total unassigned	2,428,450	-	-	-	-	-	2,428,450
Total	$ 3,909,288	$ 393,971	$ 16,666,927	$ 4,564,462	$ 5,505,193	$ 3,189,981	$ 34,229,822

Note 13 - 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, property, and liability programs. Refer to Note 16 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 14 - 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, 2020, 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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 40,332,476	$ 14,420,190	$ 3,384,408	$ 6,061,118
CalPERS	18,711,618	4,991,623	201,367	3,687,289
Total	$ 59,044,094	$ 19,411,813	$ 3,585,775	$ 9,748,407

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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In 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, 2020, are presented above and the District's total contributions were $4,319,447

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 40,332,476
State’s proportionate share of the net pension liability	22,004,058
Total	$ 62,336,534

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0447 percent and 0.0425 percent, resulting in a net increase in the proportionate share of 0.0022 percent.

For the year ended June 30, 2020, the District recognized pension expense of $6,061,118. In addition, the District recognized pension expense and revenue of $207,526, for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,319,447	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,897,748	694,266
Differences between projected and actual earnings on pension plan investments	-	1,553,620
Differences between expected and actual experience in the measurement of the total pension liability	101,818	1,136,522
Changes of assumptions	5,101,177	-
Total	$ 14,420,190	$ 3,384,408

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
2021	$ (156,709)
2022	(1,233,391)
2023	(256,071)
2024	92,551
Total	$ (1,553,620)

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
2021	$ 2,197,359
2022	2,651,681
2023	1,827,213
2024	1,442,957
2025	2,907
Thereafter	147,838
Total	$ 8,269,955

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (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, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 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%)	$ 60,058,396
Current discount rate (7.10%)	40,332,476
1% increase (8.10%)	23,975,932

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, 2018 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: ttps://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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

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, 2020, are presented above and the total District contributions were $1,896,138.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $18,711,618. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0642 percent and 0.0595 percent, resulting in a net increase in the proportionate share of 0.0047 percent.

For the year ended June 30, 2020, the District recognized pension expense of $3,687,289. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,896,138	$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	845,540	27,814
Differences between projected and actual earnings on pension plan investments	-	173,553
Differences between expected and actual experience in the measurement of the total pension liability	1,359,214	-
Changes of assumptions	890,731	-
Total	$ 4,991,623	$ 201,367

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
2021	$ 171,317
2022	(342,199)
2023	(51,855)
2024	49,184
Total	$ (173,553)

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
2021	$ 1,675,841
2022	872,034
2023	472,541
2024	47,255
Total	$ 3,067,671

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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%)	$ 26,971,567
Current discount rate (7.15%)	18,711,618
1% increase (8.15%)	11,859,420

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 $2,298,394 (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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $770,959 has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule.

Note 15 - 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, 2020.

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, 2020.

Construction Commitments

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Rio Lindo Building A Remodel	$ 4,700,000	August 2020
Rio K-8 STEAM School Phase II	16,496,000	September 2020
Rio Lindo Fire Alarm System Upgrade	250,000	September 2020
Rio Lindo Parking Lot	490,000	January 2021
Total	$ 21,936,000	

Note 16 - 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 and 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, 2020, the District made payments of $1,212,044, and $7,288,073, to VCSSFA and SISC, respectively, for services received.

Note 17 - Subsequent Events

Coronavirus Pandemic

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

2020 General Obligation Refunding Bonds

On September 30, 2020, the Rio Elementary School District issued the 2018 General Obligation Refunding Bonds in the amount of $20,425,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $20,175,338 (representing the principal amount of $20,425,000 less cost of issuance of $249,662). The bonds have a final maturity which occurs on August 1, 2046, with interest rates of 0.323 to 2.966 percent. Proceeds from the sale of the bonds will be used to refund, on an advance basis, certain outstanding general obligation bonds of the District.

Required Supplementary Information
June 30, 2020

Rio Elementary School District

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	$ 53,896,421	$ 53,533,940	$ 53,568,619	$ 34,679
Federal sources	2,455,995	2,699,996	2,552,240	(147,756)
Other State sources	2,380,278	3,671,739	6,614,875	2,943,136
Other local sources	2,449,398	3,315,913	3,554,360	238,447
Total revenues [1]	61,182,092	63,221,588	66,290,094	3,068,506
Expenditures				
Current				
Certificated salaries	25,577,148	26,034,311	26,246,010	(211,699)
Classified salaries	8,212,235	9,059,267	9,593,110	(533,843)
Employee benefits	15,640,245	15,802,590	19,190,239	(3,387,649)
Books and supplies	2,858,745	3,169,929	2,409,726	760,203
Services and operating expenditures	7,215,976	7,871,214	8,113,920	(242,706)
Other outgo	2,370,741	1,968,011	1,585,314	382,697
Capital outlay	-	127,202	213,376	(86,174)
Total expenditures [1]	61,875,090	64,032,524	67,351,695	(3,319,171)
Deficiency of Revenues Over Expenditures	(692,998)	(810,936)	(1,061,601)	(250,665)
Other Financing Sources (Uses)				
Transfers in	654,636	654,636	-	(654,636)
Transfers out	(139,523)	(30,000)	(63,187)	(33,187)
Net financing sources (uses)	515,113	624,636	(63,187)	(687,823)
Net Change in Fund Balances	(177,885)	(186,300)	(1,124,788)	(938,488)
Fund Balance - Beginning	5,034,076	5,034,076	5,034,076	-
Fund Balance - Ending	$ 4,856,191	$ 4,847,776	$ 3,909,288	$ (938,488)

[1] On behalf payments of $770,959, relating to Senate Bill 90, 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 14, Deferred Maintenance Fund and 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.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 2,793,249	$ 3,581,731	$ 4,142,283	$ 560,552
Other State sources	184,466	234,213	285,895	51,682
Other local sources	340,327	253,350	253,494	144
Total revenues	3,318,042	4,069,294	4,681,672	612,378
Expenditures				
Current				
Classified salaries	1,238,820	1,262,643	1,229,259	33,384
Employee benefits	566,317	570,768	555,873	14,895
Books and supplies	1,688,286	2,193,661	2,379,339	(185,678)
Services and operating expenditures	(18,680)	8,078	3,427	4,651
Other outgo	1,296	12	185,719	(185,707)
Capital Outlay	-	20,790	20,790	-
Total expenditures	3,476,039	4,055,952	4,374,407	(318,455)
Excess (Deficiency) of Revenues Over Expenditures	(157,997)	13,342	307,265	293,923
Other Financing Sources				
Transfers in	169,493	59,970	63,187	3,217
Net Change in Fund Balances	11,496	73,312	370,452	297,140
Fund Balance - Beginning	23,519	23,519	23,519	-
Fund Balance - Ending	$ 35,015	$ 96,831	$ 393,971	$ 297,140

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 376,390	$ 460,137	$ 446,171
Interest	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	5,987,733	(1,505,964)	-
Benefit payments	(972,622)	(412,837)	(490,717)
Adjustment to prior year benefit payments	(730,752)	-	-
Net change in total OPEB liability	6,303,728	(654,626)	735,268
Total OPEB Liability - Beginning	25,238,309	25,892,935	25,157,667
Total OPEB Liability - Ending	$ 31,542,037	$ 25,238,309	$ 25,892,935
Covered Payroll	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]
Measurement Date	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.

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.0790%	0.0763%	0.0792%
Proportionate share of the net OPEB liability	$ 294,190	$ 292,210	$ 333,314
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0447%	0.0425%	0.0438%	0.0425%	0.0381%	0.0323%
Proportionate share of the net pension liability	$ 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	22,004,058	22,380,977	23,942,056	19,562,126	13,573,034	11,396,411
Total	$ 62,336,534	$ 61,471,192	$ 64,412,641	$ 53,924,920	$ 39,236,291	$ 30,269,541
Covered payroll	$ 24,695,749	$ 23,190,353	$ 21,335,533	$ 21,456,188	$ 17,692,838	16,207,657
Proportionate share of the net pension liability as a percentage of its covered payroll	163.32%	168.56%	189.69%	160.15%	145.05%	116.45%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	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	0.0642%	0.0595%	0.0588%	0.0595%	0.0528%	0.0493%
Proportionate share of the net pension liability	$ 18,711,618	$ 15,855,591	$ 14,046,057	$ 11,755,335	$ 7,778,797	$ 5,599,658
Covered payroll	$ 8,868,171	$ 7,853,371	$ 7,453,420	$ 7,309,445	$ 5,666,366	5,185,512
Proportionate share of the net pension liability as a percentage of its covered payroll	211.00%	201.90%	188.45%	160.82%	137.28%	107.99%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 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	4,319,447	4,020,468	3,346,368	2,684,010	2,302,249	1,571,124
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 25,259,924	$ 24,695,749	$ 23,190,353	$ 21,335,533	$ 21,456,188	$ 17,692,838
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 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	1,896,138	1,601,769	1,219,707	1,035,131	865,950	666,988
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,614,817	$ 8,868,171	$ 7,853,371	$ 7,453,420	$ 7,309,445	$ 5,666,366
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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, 2020, the following District's Funds exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Funds	Budget	Actual	Excess
General Fund	$ 64,062,524	$ 67,414,882	$ 3,352,358
Cafeteria Fund	$ 4,055,952	$ 4,374,407	$ 318,455

The General Fund expenditures include $3,069,353 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 3.62 percent to 3.13 percent and the health care trends rate was changed from 5.00 percent to 6.00 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 3.87 percent to 3.50 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, 2020

Rio Elementary School District

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog 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	$ 997,743
Title II, Part A, Supporting Effective Instruction	84.367	14341	131,885
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	81,453
Title III, Immigrant Student Program	84.365	15146	3,932
Title III, English Learner Student Program	84.365	14346	319,858
CFDA Subtotal			323,790
Passed through Ventura County Office of Education SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	976,895
Preschool Grants, Part B, Sec 619	84.173	13430	40,474
Subtotal Special Education (IDEA) Cluster			1,017,369
Total U.S. Department of Education			2,552,240
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	1,110,406
Basic Breakfast Program	10.553	13525	23,163
Commodities	10.555	13396	250,181
			1,383,750
Especially Needy Breakfast Program	10.553	13526	415,397
Summer Food Service Program	10.559	13004	1,888,770
Subtotal Child Nutrition Cluster			3,687,917
NSLP Equipment Assistance Grants	10.579	14906	20,790
Child and Adult Care Food Program	10.558	13393	433,576
Total U.S. Department of Agriculture			4,142,283
Total Federal Programs			$ 6,694,523

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

MEMBER	OFFICE	TERM EXPIRES
Linda Aguilar	President	2022
Eleanor Torres	Clerk	2022
Felix Eisenhauer	Member	2020
Joe Esquivel	Member	2020
Edith Martinez-Cortez	Member	2022

ADMINISTRATION

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

	Second Period Report E46114B6	Annual Report 656C2BAF
Regular ADA		
Transitional kindergarten through third	2,201.75	2,201.75
Fourth through sixth	1,732.75	1,732.75
Seventh and eighth	1,154.74	1,154.74
Total Regular ADA	5,089.24	5,089.24
Extended Year Special Education		
Transitional kindergarten through third	4.62	4.62
Fourth through sixth	3.57	3.57
Seventh and eighth	0.98	0.98
Total Extended Year Special Education	9.17	9.17
Total ADA	5,098.41	5,098.41

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	51,404	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		52,796	180	N/A	Complied
Grade 2		52,796	180	N/A	Complied
Grade 3		52,796	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		55,484	180	N/A	Complied
Grade 5		55,484	180	N/A	Complied
Grade 6		61,164	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		61,164	180	N/A	Complied
Grade 8		61,164	180	N/A	Complied

See Notes to Supplementary Information

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements:

	Agency Fund
Fund Balance	
Balance, June 30, 2020, Unaudited Actuals	$ 8,232,647
Decrease in	
Investments	(4,509,255)
Balance, June 30, 2020, Audited Financial Statements	$ 3,723,392

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 58,864,305	$ 66,168,131	$ 61,428,126	$ 57,843,945
Other sources	657,605	654,636	662,822	1,001,967
Total Revenues and Other Sources	59,521,910	66,822,767	62,090,948	58,845,912
Expenditures	60,485,111	67,351,541	61,952,605	57,650,929
Other uses and transfers out	20,000	33,217	32,667	285,833
Total Expenditures and Other Uses	60,505,111	67,384,758	61,985,272	57,936,762
Increase/(Decrease) in Fund Balance	(983,201)	(561,991)	105,676	909,150
Ending Fund Balance	$ 2,168,123	$ 3,151,324	$ 3,713,315	$ 3,607,639
Available Reserves [2]	$ 2,088,921	$ 2,428,450	$ 3,065,882	$ 2,125,454
Available Reserves as a Percentage of Total Outgo [4]	3.45%	3.60%	5.30%	3.82%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 187,155,121	$ 162,312,138	$ 137,914,007
K-12 Average Daily Attendance at P-2	5,120	5,098	5,030	4,913

The General Fund balance has decreased by $456,315 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $983,201 (31.2 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 deficits in one of the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $49,241,114 over the past two years.

Average daily attendance has increased by 185 over the past two years. An increase of 122 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 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 Deferred Maintenance Fund and the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

[4] On behalf payments of $4,105,750, and $2,233,904, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2019 and 2018.

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Assets				
Deposits and investments	$ 2,664,547	$ 857,815	$ -	$ 3,522,362
Receivables	16,759	5,169	8,262	30,190
Due from other funds	-	-	1,553	1,553
Total assets	$ 2,681,306	$ 862,984	$ 9,815	$ 3,554,105
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 360,011	$ -	$ 1,553	$ 361,564
Due to other funds	2,560	-	-	2,560
Total liabilities	362,571	-	1,553	364,124
Fund Balances				
Restricted	2,318,735	862,984	-	3,181,719
Assigned	-	-	8,262	8,262
Total fund balances	2,318,735	862,984	8,262	3,189,981
Total liabilities and fund balances	$ 2,681,306	$ 862,984	$ 9,815	$ 3,554,105

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Revenues				
Other local sources	$ 1,107,985	$ 16,851	$ 8,273	$ 1,133,109
Expenditures				
Plant services	106,833	-	-	106,833
Facility acquisition and construction	1,725,194	-	2,194,390	3,919,584
Total expenditures	1,832,027	-	2,194,390	4,026,417
Excess (Deficiency) of Revenues Over Expenditures	(724,042)	16,851	(2,186,117)	(2,893,308)
Other Financing Sources				
Other sources - proceeds from note receivable	-	-	1,000,000	1,000,000
Net Change in Fund Balances	(724,042)	16,851	(1,186,117)	(1,893,308)
Fund Balance - Beginning	3,042,777	846,133	1,194,379	5,083,289
Fund Balance - Ending	$ 2,318,735	$ 862,984	$ 8,262	$ 3,189,981

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, 2020. 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, 2020, 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 Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the District received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

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, 2020

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 Board of Directors
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, 2020, 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 March 10, 2021.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as item 2020-001 that we consider to be a material weakness.

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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*.

Rio Elementary School District's response to the finding identified in our audit are described in the accompanying schedule of financial statement findings. Rio Elementary School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of Rio Elementary School District in a separate letter dated March 10, 2021.

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.

Eide Bailly LLP

Rancho Cucamonga, California
March 10, 2021

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

To the Board of Directors
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, 2020. 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, 2020.

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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
March 10, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
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 *2019-2020 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, 2020.

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 *2019-2020 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	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	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
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	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
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	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
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

Kindergarten Continuance
We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2019-2020 that were in Kindergarten in 2018-2019.

Independent Study
We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

Continuation Education
We did not perform Continuation Education procedures because the program is not offered by the District.

Early Retirement Incentive
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.

Juvenile Court Schools
The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

Middle or Early College High Schools
The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

Before School Education and Safety Program:
The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

Independent Study - Course Based
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.

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

Unmodified Opinion
In our opinion, Rio Elementary School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 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
March 10, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

Rio Elementary School District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
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:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Child Nutrition Cluster	10.553, 10.555, 10.559

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

STATE COMPLIANCE

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

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

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

The CFD Bonds were refinanced during the 2019/20 Fiscal year. At that time, the District received $2,599,704 that was deposited into Fund 49 and these funds were correctly recorded according to generally accepted accounting principles in a timely manner.

However, the refinancing transaction also affected the Debt Service Fund (520). This debt Service fund also records investments held by a 3rd party and are not part of the District's cash balance but recorded as an investment. The Debt Service Fund needs to be reconciled with the outside statements from Zion bank in order to capture current activity and make the necessary manual adjustments. These statements were not reconciled in a timely manner due to turnover in employees and was not adjusted prior to the yearend closing. As a result, the outside adjustment was not made on the District's system. The funds themselves are not in question, but the timely reconciliation of the debt service portion of the finding is.

We recognize the importance of the timely reconciliation of funds as an important task and the new person in charge of this reconciliation will receive appropriate training in this matter to assure District records are accurate.

None reported.

None reported.

There were no audit findings reported in the prior year’s Schedule of Findings and Questioned Costs.

Management
Rio Elementary School District
Oxnard, California

In planning and performing our audit of the financial statements of Rio Elementary School District (the District) for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated March 10, 2021, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Rio Vista Middle School

Observation
Based on the review of the disbursement procedures, it was noted that two of nine disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendation
In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

Observation
Based on the review of the disbursement procedures, it was noted that two of nine disbursements were made without explicit receiving documentation for goods being ordered.

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Recommendation

All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

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

Eide Bailly LLP

Rancho Cucamonga, California
March 10, 2021