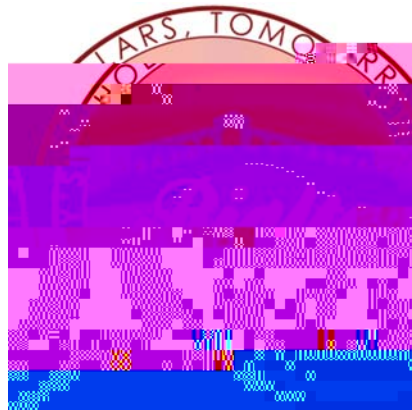


**RIALTO UNIFIED SCHOOL DISTRICT  
SAN BERNARDINO COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
INCLUDING REPORTS ON COMPLIANCE  
June 30, 2019**



[CLAconnect.com](http://CLAconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

**RIALTO UNIFIED SCHOOL DISTRICT**

**TABLE OF CONTENTS**  
**June 30, 2019**

**INDEPENDENT AUDITOR’S REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**..... i

**FINANCIAL SECTION**.....1

Basic Financial Statements .....2

Government-Wide Financial Statements .....2

Statement of Net Position .....2

Statement of Activities.....3

Fund Financial Statements.....4

Balance Sheet – Governmental Funds .....4

Reconciliation of the Governmental Funds Balance Sheet to the Statement  
of Net Position .....5

Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Governmental Funds.....6

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balance to the Statement of Activities.....7

Enterprise Fund Statement of Net Position.....8

Enterprise Fund Statement of Revenues, Expenditures, and Changes in  
Fund Balance .....9

Enterprise Fund Statement Of Cash Flows.....10

Statement of Fiduciary Net Position .....11

Notes to the Financial Statements.....12

**REQUIRED SUPPLEMENTARY INFORMATION** .....51

Schedule of Budgetary Comparison for the General Fund.....52

Schedule of Budgetary Comparison for the Cafeteria Fund.....53

Schedule of Changes in the Net OPEB Liability .....54

Schedule of Postemployment Healthcare Benefits Employer Contributions .....55

Schedule of the District’s Proportionate Share of the Net Pension Liability .....56

Schedule of District Contributions.....57

Notes to the Required Supplementary Information .....58

**SUPPLEMENTARY INFORMATION**.....60

History and Organization.....61

Schedule of Average Daily Attendance (ADA).....62

Schedule of Instructional Time.....63

**RIALTO UNIFIED SCHOOL DISTRICT**

**TABLE OF CONTENTS**

**June 30, 2019**

Schedule of Expenditures of Federal Awards.....	64
Schedule of Financial Trends and Analysis.....	66
Schedule of Charter Schools.....	67
Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements .....	68
Notes to the Supplementary Information.....	69
<b>OPTIONAL SUPPLEMENTARY INFORMATION .....</b>	<b>71</b>
Combining Statements – Non-Major Governmental Funds .....	72
Combining Balance Sheet.....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	73
Notes to the Optional Supplementary Information.....	74
<b>OTHER INDEPENDENT AUDITOR'S REPORTS.....</b>	<b>75</b>
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.....	76
Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	78
Independent Auditor's Report on State Compliance.....	81
<b>FINDINGS AND QUESTIONED COSTS .....</b>	<b>84</b>
Schedule of Findings and Questioned Costs – Summary of Auditor Results.....	85
Schedule of Findings and Questioned Costs – Related to the Financial Statements .....	86
Schedule of Findings and Questioned Costs – Related to Federal Awards.....	87
Schedule of Findings and Questioned Costs – Related to State Awards.....	88
Status of Prior Year Findings and Questioned Costs.....	89



## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Rialto Unified School District  
182 East Walnut Avenue  
Rialto, CA 92376

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Rialto Unified School District  
Rialto, CA 92376

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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### **Restatement**

As discussed in Note 18 to the financial statements, net position has been restated in the governmental activities for a correction of an error. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the net OPEB liability, schedule of postemployment healthcare benefits employer contributions, schedule of postemployment healthcare benefits money-weighted rate of return on plan assets, schedule of the District's proportionate share of the net pension liability and schedule of the District's pension contributions, 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.

# **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Rialto Unified School District

# RIALTO UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2019

### MD&A

#### Introduction

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 (Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments) issued June 1999. Certain comparative information between the current and prior year is required to be presented in the MD&A.

#### Financial Highlights

- x Overall revenues for governmental funds totaled \$382.5 million or \$2.7 million less than expenditures.
- x Overall the District's net capital assets increased by \$2.3 million over the course of the year. This was primarily due to the completion of the new performing arts theatre at Eisenhower High School.
- x The District's total long-term debt obligations increased by \$4.5 million during the current fiscal year. The increase was primarily due to an increase in the Net Pension Liability.
- x At the end of the current fiscal year, assigned, nonspendable, restricted and unassigned fund balances for the General Fund, including the reserve for economic uncertainties was \$76.3 million or 22.2% of total General Fund expenditures.

#### Student Enrollment and Average Daily Attendance (ADA)

This section provides an overview of the District's enrollment and attendance trends.

#### **Projected Student Enrollment –**

- x Enrollment has been decreasing since the 2005-06 school year. On average, the District's enrollment has decreased by 300 students over the last three years.
- x The District anticipates enrollment to continue to decline at the same rate in the upcoming years.

**RIALTO UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2019**

**Projected Student Average Daily Attendance (ADA) –**

- x The Districts ADA has decreased because of an overall decrease in student enrollment.
  
- x ADA will continue to decline as enrollment is projected to continue decreasing.

**Fund Financial Statements**

More detailed information about the District's major governmental funds, not the District as a whole, are provided in the fund financial statements. Other governmental funds are combined and presented in a single column. Funds are accounting formats the District uses to keep track of specific sources of funding and expenditures in a particular program. Some funds are required by bond covenants, by state law and other funds are established by the District to control and manage a variety of activities for particular purposes (such as repaying its long-term debts). Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as federal grants).

The District maintains three classes of funds:

**Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow (in and out) and focus on the balances left at year-end that are available for expenditure in subsequent years. A detailed short-term view is provided by the government fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information is presented in a separate reconciliation provided after the governmental fund statements that explains the differences (or relationships) between the governmental fund statements and the government-wide statements.

**Proprietary funds:** The proprietary fund category includes enterprise. An enterprise fund operates as a business-type activity, and additional information such as a cash flow statement is presented. Proprietary funds are reported in the same manner as the District-wide statements. Currently the District has one enterprise fund, the Other Enterprise Fund, used to operate the District's Compressed Natural Gas (CNG) station.

**Fiduciary funds:** For assets that belong to others, such as student activities funds, the District acts as the trustee, or fiduciary. The District has nine Associated Student Body Funds. The District is responsible for ensuring that the assets reported in these funds are only used for their intended purpose and by those to whom the assets belong. A separate statement of fiduciary net position reports the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used to finance other District operations.



# **RIALTO UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2019**

### **Statement of Net Position**

The Statement of Net Position presents the assets and liabilities of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets, deferred outflow of resources, liabilities (current and non-current) and net position (assets, plus deferred outflow of resources, minus liabilities and deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

The difference between total assets, plus deferred outflow of resources, less total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally

**RIALTO UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2019**

The Statement of Net Position for both the governmental activities as of June 30, 2018 and June 30, 2019 are summarized and analyzed below:

<b>Summary of Statement of Net Position</b>	<b>2018-19</b>	<b>2017-18</b>	<b>Variance</b>
Non-capital Assets	\$ 160,496,019	\$ 166,185,623	\$ (5,689,604)
Capital Assets	<u>355,221,672</u>	<u>352,924,964</u>	<u>2,296,708</u>
Total Assets	<u>515,717,691</u>	<u>519,110,587</u>	<u>(3,392,896)</u>
 Deferred Outflows of Resources	 <u>92,162,912</u>	 <u>100,841,907</u>	 <u>(8,678,995)</u>
 Current Liabilities	 41,586,408	 35,939,605	 5,646,803
Long Term Liabilities	<u>451,506,195</u>	<u>460,881,530</u>	<u>(9,375,335)</u>
Total Liabilities	<u>493,092,603</u>	<u>496,821,135</u>	

During the 2018-2019 fiscal year the District restructured its debt to provide a more advantageous financial position. The 1997 Certificate of Participation and 2006 Certificate of Participation were paid off on October 3, 2018, saving the district over \$700,000 in interest expense. In support of the District's Green Schools initiative, the District obtained a \$905,871 zero interest loan from Southern California Edison for the installation of energy efficient equipment. The District also offered a Supplemental Early Retirement Incentive (SERP) to 172 employees, for a total liability of \$11,038,265.

**RIALTO UNIFIED SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019**

**Statement of Activities**

The purpose of this statement is to present the revenues earned, whether received or not, by the District, and the expenses incurred, whether paid or not, by the District. Thus, this statement presents the District's results of operations.

The Statement of Activities for the years ended June 30, 2018 and June 30, 2019 are summarized below:

	<u>Governmental Activities</u>		<u>Variance</u>
	<u>2018-19</u>	<u>2017-18</u>	
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 43,574	\$ 3,917,676	\$ (3,874,102)
Operating grants and contributions	73,743,580	65,907,528	7,836,052
Capital grants and contributions	30,102	18,896	11,206
General revenues:			
Property Taxes	41,385,248	36,727,485	4,657,763
Federal and state aid not restricted	256,465,686	239,427,042	17,038,644
Interest and investment earnings	1,467,419	863,075	604,344
Miscellaneous	6,404,773	1,538,622	4,866,151
Total Revenues	<u>379,540,382</u>	<u>348,400,324</u>	<u>31,140,058</u>
<b>Expenses</b>			
Instruction	207,445,157	184,123,589	23,321,568
Instruction-related services	54,332,182	44,945,975	9,386,207
Pupil services	53,618,598	45,632,739	7,985,859
Community services	-	927	(927)
General administration	20,116,692	17,533,634	2,583,058
Plant services	34,164,883	33,848,798	316,085
Other outgo	96,283	72,935	23,348
Debt service - interest	7,763,201	10,390,259	(2,627,058)
Depreciation (unallocated)	17,690,990	16,341,334	1,349,656
Total Expenses	<u>395,227,986</u>	<u>352,890,190</u>	<u>42,337,796</u>
Change in net position	(15,687,604)	(4,489,866)	(11,197,738)
Net Position, beginning of year	<u>115,126,480</u>	<u>115,683,605</u>	<u>(557,125)</u>
Net Position, end of year	<u>\$ 99,438,876</u>	<u>\$ 111,193,739</u>	<u>\$ (11,754,863)</u>

**RIALTO UNIFIED SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019**

**Statement of Activities (continued)**

- f* Total revenues of the governmental activities increased by \$31.1 million between fiscal years. The increase is a result of Federal and State aide, the majority arising from the Local Control Funding Formula (LCFF), one time state funds, and the additional STRS and PERS on-half revenue adjustment.
  
- f* Total expenses of the governmental activities increased in 2018-19 by \$42 million between fiscal years. The increase is mainly attributed to the increase in salaries and benefits, several capital projects at our schools, investment in instructional technology and the Local Control Accountability Plan (LCAP) approved programs.

**Capital Assets and Debt Administration**

Capital Assets

As of June 30, 2019, the District had an increase of \$2.3 million invested in capital assets, net of depreciation, in governmental funds. The change is net effect of the completion of several classroom addition projects and the increase in depreciation expense.

Note 6 to the financial statements provides additional information on capital assets. A summary of capital assets net of depreciation at year-end for 2018 and 2019 are presented below:

	<b>Governmental Activities</b>	
	<b>Balance</b>	<b>Balance</b>
	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Land	\$ 39,752,485	\$ 39,752,485
Buildings and improvements	472,929,417	457,945,114
Equipment and vehicles	33,862,092	30,962,470
Construction in progress	31,205,327	30,205,511
Totals at historical cost	577,749,321	558,865,580
Less: accumulated depreciation for		
Buildings and improvements	201,384,119	185,580,246
Equipment and vehicles	21,143,530	20,360,370
Total accumulated depreciation	222,527,649	205,940,616
Governmental capital assets, net	\$ 355,221,672	\$ 352,924,964

**RIALTO UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2019**

**Capital Assets and Debt Administration (continued)**

Debt

Notes 7-16 to the financial statements provide additional information on outstanding debt. A summary of the District’s outstanding debt at year-end for 2018 and 2019 is presented below:

	<b>Balance June 30, 2019</b>	<b>Balance June 30, 2018</b>
General obligation bonds, including accreted interest	\$ 114,159,300	\$ 116,752,313
Certificates of participation	-	4,325,000
Banc of America	10,064,391	10,703,677
City of Rialto redevelopment agency loan	4,357,824	4,886,941
Compensated absences	1,068,731	957,460
Net Pension Liability	293,872,592	288,905,465
Energy on-bill financing program	866,893	
Supplemental early retirement plan	8,826,180	
Post employment healthcare benefits	<u>28,435,833</u>	30,417,932

**Economic Factors That May Affect the Future**

**2019-20 STATE BUDGET** -The Local Control Funding Formula (LCFF) has increased the funding and resources for all school districts. The new funding model gives local school districts the discretion to implement the programs and strategies that best support their educational program and needs of their community. The LCFF provides concentration and supplemental grants to further support economically disadvantaged, English learner and foster youth students.

To ensure the funds are utilized effectively, the LCFF required the school district to prepare a Local Control Accountability Plan. This plan is a strategic planning and evaluation tool developed amongst the parent, community, and District stakeholders. It intends to increase public transparency and accountability for improving student achievement by utilizing dollars effectively. The Rialto Unified School District LCAP was adopted on June 26, 2019 for the 2019-2020 school year.

The LCFF provides a positive forecast for the future of education; however, the District will have to be strategic and cautious in administering its finances. There is no statutory guaranteed increase in any given year. The LCFF was funded 100% by the end of 19-20. A conservative approach must be taken to sustain a balanced budget and protect the current and future fiscal solvency of the school district.





**RIALTO UNIFIED SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b><u>Assets</u></b>			
Cash on hand and in banks	\$ 139,830,427	\$ 12,520	\$ 139,842,947
Accounts receivable			
Federal and state governments	15,709,245	-	15,709,245
Miscellaneous	3,743,738	25,846	3,769,584
Due from Business-type activities	2,331	-	2,331
Inventories	665,378	-	665,378
Prepaid expenses	544,900	-	544,900
Land	39,752,485	-	39,752,485
Construction in progress	31,205,327	-	31,205,327
Depreciable assets, net	284,263,860	-	284,263,860
<b>Total Assets</b>	515,717,691		

See accompanying notes to the financial statements.



**RIALTO UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2019**

<u>Functions</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
Instruction	\$ 207,445,157	\$ 133	\$ 35,456,474	\$ -	\$ (171,988,550)	\$ -	\$ (171,988,550)
Instruction - related services	54,332,182	40,718	10,467,829	-	(43,823,635)	-	(43,823,635)
Pupil services	53,618,598	-	24,117,134	-			

See accompanying notes to the financial statements.

**RIALTO UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

**RIALTO UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2019**

Total fund balances - governmental funds \$ 129,916,888

Amounts reported for governmental funds are different than the statement of net position because:

Land	\$ 39,752,485	
Construction in progress	31,205,327	
Depreciable assets, net	<u>284,263,860</u>	355,221,672

Compensated absences	(1,068,731)	
Energy upgrades lease	(10,064,391)	
General obligation bonds	(114,159,300)	
Postemployment health care benefits (OPEB)	(28,435,833)	
Net pension liability	(293,872,592)	
Energy On-Bill Financing Program	(866,893)	
Supplemental early retirement plan	(8,826,180)	
City of Rialto redevelopment agency loan	<u>(4,357,824)</u>	(461,651,744)

Deferred charge on refunding	1,575,646	
Deferred outflows - OPEB	2,241,452	
Deferred outflows - pensions	88,345,814	
Deferred inflows - OPEB	(72,838)	
Deferred inflows - pensions	(15,276,286)	

See accompanying notes to the financial statements.

**RIALTO UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2019**

	General Fund	Nutrition Services Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local control funding formula sources:				
State apportionments	\$ 240,262,835	\$ -	\$ -	\$ 240,262,835
Local sources	<u>30,666,659</u>	<u>-</u>	<u>-</u>	<u>30,666,659</u>
Total local control funding formula sources	270,929,494	-	-	270,929,494
Federal sources	17,600,098	16,455,154	-	34,055,252
Other state sources	44,709,985	1,312,640	5,489,989	51,512,614
Other local sources	<u>14,062,623</u>	<u>1,120,316</u>	<u>11,338,575</u>	<u>26,521,514</u>
<b>Total Revenues</b>	<u>347,302,200</u>	<u>18,888,110</u>	<u>16,828,564</u>	<u>383,018,874</u>
<b>Expenditures</b>				
Instruction	191,910,641	-	3,857,215	195,767,856
Instruction - related services	49,168,925	-	1,433,733	50,602,658
Pupil services	37,093,695	16,304,602	224,167	53,622,464
General administration	18,274,473	712,627	275,207	19,262,307
Plant services	40,420,149	209,641	10,816,328	51,446,118
Other outgo	96,282	-	-	96,282
Debt service	<u>5,629,968</u>	<u>-</u>	<u>8,854,875</u>	<u>14,484,843</u>
<b>Total Expenditures</b>	<u>342,594,133</u>	<u>17,226,870</u>	<u>25,461,525</u>	<u>385,282,528</u>
Excess (deficiency) of revenues over expenditures	<u>4,708,067</u>	<u>1,661,240</u>	<u>(8,632,961)</u>	<u>(2,263,654)</u>
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	5,495,200	(887,045)	(3,819,590)	887,045
Interfund transfers out	(2,115,814)	-	(2,390,821)	(4,506,635)
Other financing sources	905,872			

See accompanying notes to the financial statements.

**RIALTO UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO  
THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2019**

Net change in fund balances - total governmental funds \$ (1,357,782)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay	\$ 20,053,662	
Depreciation expense	<u>(17,690,990)</u>	
Excess of capital outlay over depreciation expense		2,362,672

Disposal of capital assets (65,964)

(905,871)

Certificates of participation principal payment	4,325,000	
Energy upgrades lease	639,286	
General obligation bond principal and accreted interest payment	5,583,494	
Edison On-Bill financing	38,978	
City of Rialto redevelopment agency loan	529,117	

See accompanying notes to the financial statements.



**RIALTO UNIFIED SCHOOL DISTRICT**

**ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET  
POSITION  
For the Fiscal Year Ended June 30, 2019**

	<u>Enterprise Fund (63)</u>
<b>Revenues</b>	
Other local sources	\$ 38,366
<b>Total Revenues</b>	<u>38,366</u>
<b>Expenditures</b>	
General administration	<u>2,331</u>
<b>Total Expenditures</b>	<u>2,331</u>
Operating income	36,035
<b>Net Position at Beginning of Year</b>	<u>-</u>

See accompanying notes to the financial statements.

**RIALTO UNIFIED SCHOOL DISTRICT**

**ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2019**

Enterprise Fund

(63)

**Cash Flows from Operating Activities**

See accompanying notes to the financial statements.



**RIALTO UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2019**

	Associated Student Body Funds
<b><u>Assets</u></b>	
Cash on hand and in banks	\$ 1,229,510
Accounts receivable	72,337
Inventories	<u>25,162</u>
<b>Total Assets</b>	<u>1,327,009</u>
<b><u>Liabilities</u></b>	
Accounts payable	62,128
Funds held in trust	<u>1,264,881</u>
<b>Total Liabilities</b>	<u>\$ 1,327,009</u>

See accompanying notes to the financial statements.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

**Instruction:** includes the activities directly dealing with the interaction between teachers and students.

**Instruction-Related Services** includes supervision of instruction, instructional library, media and technology, and school site administration.

**Pupil Services** includes home to school transportation, food services, and other pupil services.

**General Administration:** includes data processing services and all other general administration services.

**Plant Services** includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

**Other Outgo:** includes transfers to other agencies.

**Debt Service** includes principal and interest payments for long term debt.

The proprietary and fiduciary fund expenses are presented by natural classification.

**Fund Accounting**

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

**Governmental Funds – Major**

**General Fund:** used to account for all financial resources except those required to be accounted

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Receivables**

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible.

**Inventories**

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of expendable supplies held for consumption. At June 30, 2019, the inventory for supplies is \$158,770. The inventory for food is \$506,608.

**Prepaid Expenses/Expenditures**

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

**Capital Assets**

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. 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.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.



# RIALTO UNIFIED SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Plan' 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.

#### **Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The District has the following deferred inflows of resources:

**Deferred Inflows – OPEB** The deferred inflows of resources related to OPEB benefits results from the difference between the estimated and actual return on OPEB plan investments. These amounts are deferred and amortized as detailed in Note 15 to the financial statements.

**Deferred Inflows – Pensions** The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 16 to the financial statements.

#### **Unearned Revenue**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

#### **Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Assigned:**Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Education, through a formal action has given authority to Assistant Superintendent of Business to assign amounts for a specific purpose that is neither restricted nor committed.

**Unassigned:**The residual fund balance for the General Fund and all other spendable amounts.

**Spending Order Policy**

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment functions.

**Minimum Fund Balance Policy**

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

**State Apportionments**

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

**Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are payable in two installments on November 1<sup>st</sup> and February 1<sup>st</sup>. Unsecured property taxes are payable in one installment on or before August 31<sup>st</sup>.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- x The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- x The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- x The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component unit has been included in the District's reporting entity:

**The Rialto Unified School District School Facilities Corporation:** The financial activity has been blended in the District's Special Reserve for Capital Outlay Fund and the General Fund. The liability associated with the Certificates of Participation issued by the Corporation was paid in full during the year ended June 30, 2019. Individually prepared financial statements are not prepared for the Corporation.

The following potential component unit has been excluded from the District's reporting entity:

**Various PTA, PTO and Booster Clubs:** Each of these types of organizations at each of the school sites within the District were evaluated using the three criteria listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO and the Booster Club individually are not significant to the District.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 2: BUDGETS**

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

**NOTE 3: DEPOSITS AND INVESTMENTS**

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2019, \$1,254,401 of the District's bank balance of \$1,518,865 was exposed to credit risk as uninsured and collateral held by the pledging bank's trust department, not in the District's name.

**Investments**

**Cash in County**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 100.90% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53601, 53635, 53534 and 53648. The county is restricted to invest time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by

**RIALTO UNIFIED SCHOOL DISTRICT**

**91fTES 5ksD77( THE FINANCO U STATEMENTS )TJ15615 TD0 Tc0 Tw()TjFor**

**91Country Treasurer follow.The method used to de91termine the value of th9(e par**



**RIALTO UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 5: FUND BALANCES**

The following amounts were nonspendable, restricted, assigned or unassigned as shown below:

General Fund



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 6: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES**

Capital asset activity for the year ended June 30, 2019 is shown below.

**NOTE 7:**



## RIALTO UNIFIED SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

#### **NOTE 9: CERTIFICATES OF PARTICIPATION**

The lease requires that lease payments be deposited in the lease payment fund maintained by the trustee. Any amount held in the lease payment fund will be credited towards the lease payment due and payable.

In September 1997, the Rialto Unified School District Facilities Corporation issued the 1997 Refunding Certificates of Participation in the amount of \$12,530,000, with the Certificates being subject to mandatory tender and remarketing in September 2002. Interest represented by the Certificates was originally fixed through September 1, 2002.

On September 12, 2018, the Board of Education approved a resolution authorizing the payoff of the 1997 and 2006 Certificates, at a current year expense of \$3,651,774 and a cost savings of \$767,163. The amount was paid from the General Fund. At June 30, 2019, all Certificates have been redeemed.

#### **NOTE 10: GENERAL OBLIGATION BONDS**

##### **Measure H 1999 Election**

On September 14, 1999, \$60,000,000 in general obligation bonds were authorized at a special election held within the District. The bonds were authorized to finance the acquisition, construction, and modernization of school facilities and paying related costs.

Between 2000 and 2004, the District issued bonds, Series A – C, totaling \$59,995,038. In 2012, the District issued a refunding bond (Series 2012) to advance refund portions of Series B and C.

The balance of the bonds refunded was \$2,545,274 less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of \$161,605 was recognized during the year ended June 30, 2019.

Capital appreciation bonds were issued as part of Series A with maturity dates from 2012 through 2025. Prior to the applicable maturity date, each bond will accrue accreted interest on the principal components, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued and included as an addition in the long-term debt schedule is \$578,782. Accreted interest paid and included as a deduction in the long-term debt schedule is \$1,131,506. The balance of accreted interest at June 30, 2019 is \$5,565,099.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The refunding bonds included a premium of \$1,716,066. The amount will be amortized using the straight-line method. Amortization of \$107,254 was recognized for fiscal year 2018-19.

RIALTO UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019

NOTE 10: GENERAL OBLIGATION BONDS

Measure Y 2010 Election

On November 2, 2010, \$98,000,000 in general obligation bonds were authorized by an election held within the District. The bonds were authorized to finance the acquisition, construction, and modernization of school facilities and paying related costs.

Between 2011 and 2015, the District issued bonds, Series A, B and 2015, totaling \$68,642,187.

Capital appreciation bonds were issued as part of Series A the principal component accrued and included as an addition in the long-term debt schedule is \$3,000,000. Accreted interest at June 30, 2019 is \$22,558,634.

Premium and discounts are netted against the carrying amount of the bonds to determine interest expense over the life of the liability. The Series A bonds included a premium of \$2,347,592 and the Series B bonds included a discount of \$1,068,488. Both are amortized using the straight-line method. Net amortization of \$6,107 was recorded for year 2018-19.

The outstanding general obligation bonded debt of the District at June 30, 2019 is \$68,642,187.

<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>
---------------------------------	----------------------	-------------------------

RIALTO UNIFIED SCHOOL DISTRICT  
For the Fiscal Year Ended June 30, 2019  
THE FINANCIAL STATEMENTS

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 12: CITY OF RIALTO REDEVELOPMENT LOAN**

During the 2014-2015 school year, the District was informed that the City of Rialto refinanced the 2005 portion of the RDA loans with the District. During the 2018-19 fiscal year, the City of Rialto refinanced the 2008 portion of the RDA loans. The former premium was written off. The current payment schedule was provided by the city.

The RDA has since been dissolved and debt service payments are now paid directly to the City of Rialto. As of June 30, 2019, future minimum loan payments are:

Year Ending June 30,	Principal	Interest
2020	\$ 33,244	\$ 208,008
2021	34,045	206,345
2022	35,647	204,643
2023	38,050	202,861
2024	38,851	200,958
2025-2029	<del>343,058</del> 36.1( )6.1( )6.1( )6.2( )6.1( )	TJ-41.9

**NOTE 13: ENERGY ON-BILL FINANCING**

On January 24, 2019, the District entered into an agreement with Southern California Edison Company (SCE) to participate in SCE’s On-Bill Financing program. The program authorizes SCE to provide zero-percent interest financing for the installation of certain energy efficient equipment which is to be repaid over a specified period through the customer’s electric utility bill.

During the 2018-19 fiscal year, the District financed \$905,871 for qualifying projects. Monthly payments will be \$10,873 to be repaid over 83 months.

As of June 30, 2019, annual remaining loan payments are:



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 15: POST EMPLOYMENT HEALTHCARE BENEFITS**

District paid benefits end at age 65. Part-time Classified employees who work at least 30 hours per week prior to retirement receive full benefits as described above. Classified unit members who work at least 20 hours per week, and all part-time Certificated members, receive a pro-rata share of the District contribution. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 15: POST EMPLOYMENT HEALTHCARE BENEFITS**

At June 30, 2019, the District reported deferred inflows and outflows as follows:

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized of the net OPEB liability in the year ended June 30, 2020.

The deferred inflow of resources related to the net difference between projected and actual earnings on OPEB plan investments. This deferred inflow is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period.

The deferred outflows of resources resulting from the difference in actuarial assumptions and actual experience and the deferred outflows of resources resulting from a change of assumptions and is amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for June 30, 2019 is 14.6 years. A year of

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 15: POST EMPLOYMENT HEALTHCARE BENEFITS**

one elected by retired members of CalPERS, two appointed by the Governor, one public representative appointed jointly by the Speaker of the Assembly and Senate Rules Committee and four ex-officio members: State Treasurer, State Controller, Director of California Department of Human Resources and Designee of the State Personal Board. The Board is responsible for the management and control of CalPERS, including the exclusive control of the



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 15: POST EMPLOYMENT HEALTHCARE BENEFITS**

**Changes in the Net OPEB Liability**

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 35,919,429	\$ 5,501,497	\$ 30,417,932
Changes for the year:			
Service cost	1,442,282	-	1,442,282
Interest	2,092,781	-	2,092,781
Employer contributions	-	5,102,064	(5,102,064)
Net investment income		425,356	(425,356)
Benefit payments	(2,110,240)	(2,110,240)	-
Trustee fees and administrative expense	-	(10,258)	
	<u>                    </u>	<u>                    </u>	

The following presents the District's OPEB liability calculated using the discount rate of 6 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5 percent) or 1 percentage-point higher (7 percent) than the current rate:

The following presents the District's OPEB liability calculated using the healthcare cost trend rate of 6.00 percent, as well as what the OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage-point lower (5.00 percent) or 1 percentage-point higher (7.00 percent) than the current rate:

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 15: POST EMPLOYMENT HEALTHCARE BENEFITS**

**Changes of Assumptions**

The February 1, 2017 actuarial valuation included changes to the discount rate, medical trend rate and actuarial cost method to align with the requirements of GASB Statement 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The following changes were made:

Assumptions:	As of February 1, 2015	As of February 1, 2017
Investment Rate of Return	4.00%	6.00%
Medical Trend Rate	5.00%	6.00%
Actuarial cost method	Projected Unit Credit	Entry-age Normal

**OPEB Expense**

For the year ended June 30, 2019, the District's actuarially determined OPEB expense is \$3,180,750.

**NOTE 16: EMPLOYEE RETIREMENT PLANS**

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).

As of June 30, 2019, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 206,790,750	\$ 62,864,286	\$ 14,778,184	\$ 26,650,157
CalPERS (Schools Pool Plan)	87,081,842	25,481,528	498,102	16,789,170
Total	<u>\$ 293,872,592</u>	<u>\$ 88,345,814</u>	<u>\$ 15,276,286</u>	<u>\$ 43,439,327</u>

The details of each plan are as follows:



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 16: EMPLOYEE RETIREMENT PLANS**

**Contributions**

Required member, District and St

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 16: EMPLOYEE RETIREMENT PLANS**

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 20,578,638	\$ -
Differences between expected and actual experience	641,250	3,003,750
Changes of assumptions	32,125,500	-
Changes in proportion	9,518,898	3,811,684
Net differences between projected and actual earnings on pension plan investments	-	7,962,750
Total	\$ 62,864,286	\$ 14,778,184

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 year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2018 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2020	\$ 9,797,694
2021	6,814,194
2022	1,388,322
2023	3,926,028
2024	6,176,467
2025	(595,241)
Total	\$ 27,507,464

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to





**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 16: EMPLOYEE RETIREMENT PLANS**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers 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%) 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

**RIALTO UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 16: EMPLOYEE RETIREMENT PLANS**

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutor





**RIALTO UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**RIALTO UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 16: EMPLOYEE RETIREMENT PLANS**

**Plan Fiduciary**

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**NOTE 19: COMMITMENTS AND CONTINGENCIES**

**Litigation**

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

**State and Federal Allowances, Awards, and Grants**

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

**County School Facilities Funds**

The District is currently involved in several construction and modernization projects funded through the Office of Public School Construction. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

**Purchase Commitments**

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling \$16.9 million. Projects will be funded through Bond Proceeds, State Facilities Grants, Capital Facilities Funds, and General Funds.

**NOTE 20: SUBSEQUENT EVENT – MEASURE Y**

On December 5, 2019 the District closed its general obligation bonds, Measure Y, 2010 election by issuing Series 2019 D in the amount of \$29,356,650. Proceeds will be used to finance the acquisition, construction and modernization of school facilities and paying related costs.



**REQUIRED SUPPLEMENTARY INFORMATION**

**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND  
For the Fiscal Year Ended June 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>General Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Total</u>
<b>Revenues</b>					
Local control funding formula sources:					
State apportionments	\$ 248,672,003	\$ 250,454,287	\$ 240,262,835	\$ -	\$ 240,262,835
Local sources	<u>22,271,627</u>	<u>22,271,627</u>	<u>30,666,659</u>	-	<u>30,666,659</u>
Total local control funding formula sources:	270,943,630	272,725,914	270,929,494	-	270,929,494
Federal sources	16,639,374	20,078,285	17,600,098	-	17,600,098
Other state sources	30,250,836	29,094,845	39,709,985	5,000,000	44,709,985
Other local sources	<u>10,018,672</u>	<u>12,374,296</u>	<u>13,962,940</u>	<u>99,683</u>	<u>14,062,623</u>
<b>Total Revenues</b>	<u>327,852,512</u>	<u>334,273,340</u>	<u>342,202,517</u>	<u>5,099,683</u>	<u>347,302,200</u>
<b>Expenditures</b>					
Certificated salaries	134,541,773	131,560,832	130,440,026	-	130,440,026
Classified salaries	46,040,537				

See the accompanying notes to the required supplementary information.

**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF BUDGETARY COMPARISON FOR THE CAFETERIA FUND  
For the Fiscal Year Ended June 30, 2019**

See the accompanying note

**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
For the Fiscal Year Ended June 30, 2019**

<b><u>Total OPEB Liability - Postemployment Medical Benefits Plan</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Service Cost	\$ 1,400,274	\$ 1,442,282
Interest	2,008,596	2,092,781
Benefit Payments	<u>(1,904,338)</u>	<u>(2,110,240)</u>

See the accompanying notes to the required supplementary information.

**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS  
EMPLOYER CONTRIBUTIONS  
For the Fiscal Year Ended June 30, 2019**

OPEB Contributions	2018	2019
--------------------	------	------

---

See the accompanying notes to the required supplementary information.

**RIALTO UNIFIED SCHOOL DISTRICT**

**RIALTO UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2019**

State Teachers' Retirement Plan	2015	2016	2017	2018	2019
Contractually required contribution	\$ 9,293,881	\$ 12,530,465	\$ 15,178,376	\$ 17,434,079	\$ 20,578,638
Contributions in relation to the contractually required contributions	9,293,881	12,530,465	15,178,376	17,434,079	20,578,638
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 106,000,000	\$ 117,000,000	\$ 121,000,000	\$ 121,000,000	\$ 126,000,000
Contributions as a percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%
California Public Employees' Retirement Plan	2015	2016	2017	2018	2019
Contractually required contribution	\$ 4,216,681	\$ 4,599,351	\$ 5,770,703		

See the accompanying notes to the required supplementary information.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: PURPOSE OF SCHEDULES**

**Schedule of Budgetary Comparison For The General Fund and Major Special Revenue Fund(s)**

A budgetary comparison is presented for the general fund and for any major special revenue fund that has a legally adopted annual budget. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

**Schedule of Changes in the Net OPEB Liability**

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

**Changes in Benefit terms and Assumptions used:**

Benefit changes – No change.

Changes of Assumptions:

- Increased the discount rate from 4.0% to 6.0% to reflect the long-term rate of return on OPEB plan investments.
- Health care trend rate increased from 5% to 6% to better reflect increased medical costs.
- Actuarial cost method was changed from projected unit credit to entry-age normal to align with the requirements of GASB 75.

**Schedule of Postemployment Healthcare Benefits Employer Contributions**

The schedule is intended to show trends about the amounts contributed in relation to the actuarially determined contribution.

Actuarially determined contribution rates are calculated as of February 1, 2017.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Discount Rate	6%
Salary Increases	3%

Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection for the valuations.



**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: PURPOSE OF SCHEDULES**

**Schedule of Postemployment Healthcare Benefits Money-Weighted Rate of Return on Plan Assets**

The schedule is intended to show trends about the rate of return on plan assets.

**Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)**

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

**Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)**

The 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, 10 years of information will be presented.

**NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

There were excesses of expenditures over appropriations in the General Fund:

Employee Benefits	\$ 8,103,009
Other Outgo	142,903

There were no excesses of expenditures over appropriations in the Nutrition Services Fund.

**SUPPLEMENTARY INFORMATION**

**RIALTO UNIFIED SCHOOL DISTRICT**

**HISTORY AND ORGANIZATION  
For the Fiscal Year Ended June 30, 2019**

The Rialto Unified School District was established in 1964 and serves the Rialto area of San Bernardino County. The District operates nineteen elementary schools, five middle schools, three high schools, one continuation high school, an alternative high school, an adult education school, a preschool program, and an infant program. There were no boundary changes during the year.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2019 were as follows:

**BOARD OF EDUCATION**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Edgar Montes	President	November 30, 2018
Nancy G. O’Kelley	Vice President	November 30, 2020
Dina Walker	Clerk	November 30, 2018
Joseph Ayala	Member	November 30, 2020
Joseph W. Martinez	Member	November 30, 2020

**DISTRICT ADMINISTRATORS**

Dr. Cuauhtémoc Avila	Superintendent
Dr. Darren McDuffie	Lead Strategic Agent

**RIALTO UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)**  
**For the Fiscal Year Ended June 30, 2019**

ADA statistics reported to the state for the fiscal year ended June 30, 2019 are as follows:

See the accompanying notes to the supplementary information.



**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2019**

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
<b>United States Department of Agriculture</b>			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13396	\$11,071,301
Commodities	10.555	13396	1,180,620

See the accompanying notes to the supplementary information.



**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019**

	<u>2020 (Budgeted)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total revenues	\$ 332,768,965	\$ 342,202,517	\$ 312,414,872	\$ 308,818,156
Total expenditures	339,498,234	341,075,143	299,935,121	293,434,442
Total other sources and uses	<u>(2,105,461)</u>	<u>(3,171,550)</u>	<u>(5,340,358)</u>	<u>(4,119,606)</u>
Change in fund balance	(8,834,730)	(2,044,176)	7,139,393	11,264,108
Ending fund balance	<u>\$ 60,780,787</u>	<u>\$ 69,615,517</u>	<u>\$ 71,659,693</u>	<u>\$ 64,520,300</u>
Available reserve	<u>\$ 52,169,250</u>	<u>\$ 23,041,598</u>	<u>\$ 37,888,243</u>	<u>\$ 12,188,996</u>
Available reserve %	15%	7%	12%	4%
ADA	<u>23,808</u>	<u>24,081</u>	<u>24,560</u>	<u>24,761</u>
Total long term debt	<u>\$ 451,394,924</u>	<u>\$ 461,540,473</u>	<u>\$ 460,881,530</u>	<u>\$ 378,538,928</u>

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund.

The 2020 budget is the original budget adopted on June 12, 2019.

For a District this size, the state recommends an available reserve at 3% of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2019, the District has met this requirement.

See the accompanying notes to the supplementary information.



**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
For the Fiscal Year Ended June 30, 2019**

The District is not the granting agency for any Charter Schools.

See the accompanying notes to the supplementary information.

**RIALTO UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT  
WITH THE AUDITED FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

There were no differences between the fund balances reported on the June 30, 2019 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

See the accompanying notes to the supplementary information.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: PURPOSE OF SCHEDULES**

**Schedule of Average Daily Attendance (ADA)**

Average daily attendance 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 met or exceeded its target funding and has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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.

**Schedule of Expenditures of Federal Awards**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (and Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Payments to Subrecipients**

The District did not make any payments to subrecipients.

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE SUPPLEM**

**OPTIONAL SUPPLEMENTARY INFORMATION**



**RIALTO UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

Adult

See the accompanying notes to the Optional Supplementary Information

**RIALTO UNIFIED SCHOOL DISTRICT**

**NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**NOTE 1: PURPOSE OF SCHEDULES**

**Combining Fund Financial Statements**

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



**OTHER INDEPENDENT AUDITOR'S REPORT**

**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**

Board of Education  
Rialto Unified School District  
Rialto, 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 Rialto Unified School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be



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

Board of Education  
Rialto Unified School District  
Rialto, California

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

We have audited Rialto Unified School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The 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



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

**Purpose of this Report**

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.

CliftonLarsonAllen LLP  
Glendora, California  
December 12, 2019



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education  
Rialto Unified School District  
Rialto, California

We have audited the Rialto Unified School District's (the District) compliance with the types of compliance requirements described in the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the Guide) issued by the Education5A21

## INDEPENDENT AUDITOR’S REPORT ON STATE 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 the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Yes
California Clean Energy Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	No <sup>1</sup>
Mode of Instruction	No <sup>1</sup>
Nonclassroom Based Instruction/Independent Study	No <sup>1</sup>
Determination of Funding for Nonclassroom Based Instruction	No <sup>1</sup>
Annual Instructional Minutes – Classroom Based	No <sup>1</sup>
Charter School Facility Grant Program	No <sup>1</sup>

<sup>1</sup>The District is not the granting agency for any Charter Schools



**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

## **FINDINGS AND QUESTIONED COSTS**

**RIALTO UNIFIED SCHOOL DISTRICT**

**RIALTO UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**RELATED TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

All audit findings must be identified as one or more of the following categories:

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

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2019.

**RIALTO UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**RELATED TO FEDERAL AWARDS**  
**June 30, 2019**

**FEDERAL AWARDS FINDINGS**

There were no findings and questioned costs related to federal awards for June 30, 2019.

**RIALTO UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
RELATED TO STATE AWARDS**

**June 30, 2019**

**2019-001      School Accountability Report Card**

**72000**

**Original Finding 2018-002**

**Criteria:** The information on the School Accountability Report Card (SARC) should be reported consistent with the Facility Inspection Tool for that school, as required by the provisions of Education Code Section 33126.

**Condition:** The District reported information on the SARC that was inconsistent with the Facilities Inspection Tool (FIT) for two of the six schools selected. The error was noted on the SARC prepared for Henry Elementary School and Zupanic Independent Study High School.

**Context:** Not applicable.

**Effect:** Information regarding the condition of Henry Elementary School and Zupanic Independent Study High School for the 2017 ~~18~~ school year was incorrectly reported on the SARC published during the 2018 ~~19~~ school year, pursuant to Education Code Section 33126.

**Cause:** Unknown.

**Questioned Costs and Units:** Not applicable.

**Recommendation:** We recommend that FIT forms are kept on file to substantiate the condition of the District's facilities reported on the SARC to ensure they reconcile. Furthermore, the District should complete a comparison between the SARCs and FIT forms before final publication.

**Management Response:** The District established a procedure to reconcile all supporting documents for the SARC prior to approving the final version for publication.



**RIALTO UNIFIED SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**June 30, 2019**



**RIALTO UNIFIED SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**June 30, 2019**

